



Daily Report

East Asia

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NOTICE: An * indicates material not disseminated in electronic form.

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Japan

Ministry Trimming Auto Inspection Checklist

OW1307110895 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 13 Jul 95 Morning Edition p 5

[FBIS Translated Text] The Ministry of Transport [MOT] has decided to drop two more items from a checklist of "essential safety parts" as part of its deregulatory steps on the mandatory Japanese automobile inspection system, in line with the recent Japanese-U.S. accord reached in trade negotiations over the automobile and auto parts sector. Essential safety parts are replacement auto parts that need to be taken apart and inspected under the automobile inspection system if they have been repaired or replaced. Power steering systems and strut bars are to be dropped from the essential safety parts checklist, in addition to shock absorbers and trailer hitches, which were dropped from the list in an agreement in May. The changes will take effect after revisions are made to the ministerial ordinance before the end of the year.

In the auto trade accord reached with the United States in June, the Transport Ministry agreed regarding the auto inspection system to reduce the number items in the essential safety parts checklist and reexamine the definition of the so-called disassembly-maintenance-repair-inspection [bunkai seibi kensa] process itself within the next 12 months. In order to monitor progress in the implementation of the bilateral auto trade accord, the United States decided to apply Section 306 (provision on monitoring whether agreements are being observed) of U.S. trade law and published the announcement of this decision in an official gazette in early July. The Transport Ministry now plans to proceed with concrete steps toward deregulating the auto inspection system in line with the bilateral auto trade accord.

Document Claims To Correct U.S. Fact Sheet

OW1407104595 Tokyo KYODO in English
1023 GMT 14 Jul 95

[FBIS Transcribed Text] Tokyo, July 14 KYODO — The Ministry of International Trade and Industry (MITI) released a document on Friday [14 July] to "correct" what is deemed wrong or misleading in the U.S. "Fact Sheet" on the auto trade agreement between Japan and the United States.

MITI said in the document that while the fact sheet blames Japanese regulations for hindering U.S. auto parts makers' entry into Japan's lucrative repair parts market, the regulations apply to only 3.6 percent of the market and so do not serve as a barrier to foreign access to the market.

On the fact sheet's complaint that automobile inspection is mostly left to 20,000 designated garages that are firmly built into the distribution system controlled by Japanese carmakers, MITI said there are some 21,000 designated garages and that those affiliated with automakers account for 45 percent of the total and hold 28 percent of the inspection market.

The fact sheet was released on June 28, the date set as the deadline for Washington's imposition of sanctions on luxury Japanese car imports if the two countries failed to reach agreement. Analysts said the sheet is aimed at giving the impression of a U.S. victory in the bilateral negotiations which lasted about two years.

Among other points MITI has taken issue with is a U.S. statement that while 80 percent of U.S. dealers handle cars made by two or more manufacturers including foreign makers, only 7 percent of Japanese dealers sell imported models.

MITI said its 1992 joint survey with the U.S. Commerce Department put the ratio of dual dealerships at 22 percent for the U.S. and 18 percent for Japan.

MITI also refuted Washington's claim that five major Japanese automakers have announced plans to increase their car production in North America by a total of \$6.7 billion and boost the use of foreign auto parts for the production to \$6 billion by 1998.

MITI said that those figures are merely an estimate by the U.S. Trade Representative and that the Japanese Government has had no involvement in the calculation of the figures.

Honda, Mazda Fall Short of U.S. Parts Goals

OW1307122295 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 13 Jul 95 Morning Edition p 11

[FBIS Translated Text] Of 11 Japanese automakers that have announced they would purchase a total of \$19 billion worth of U.S. auto parts in 1994, Honda Motor Company and Mazda Motor Corporation have failed to reach their target amounts. It is certain, however, that purchases of U.S.-made auto parts by Japanese automakers in 1994 exceeded the target of \$19 billion. With the two major makers failing to reach their targets, Japanese automakers are expected to have trouble increasing purchases of U.S.-made auto parts in the future. At the Japan-U.S. auto talks that hammered out an agreement in June, Japanese automakers rejected a demand from the U.S. Government to increase target amounts. The sharply appreciated yen has made Japanese automakers less competitive on the international market and weakened their ability to purchase foreign auto parts.

The 11 Japanese automakers announced voluntary plans to purchase \$19 billion worth of U.S.-made auto parts when (then) President Bush visited Japan in January 1992, and that amount included both local auto parts content and imports of U.S.-made auto parts to Japan. The purchase of U.S.-made auto parts by Japanese automakers during the first half of 1994 jumped 32 percent over the same period of 1993, to \$9.5 billion. Every year, Japan's purchase total for the second half of the year exceeds the total for the first half, and it is certain that purchases by Japanese makers in 1994 will reach \$19 billion. The Japan Automobile Manufacturers Association will announce the final figures this weekend. Five major automakers that had set their own target amounts, including Toyota Motor Corporation, are expected to reach their targets.

Honda Motor Company, which had set a target of \$4.94 billion (\$4.38 billion in local auto parts content and \$560 million in imports), is likely to achieve 90 percent of its target amount. Mazda Motor Corporation is likely to fail to achieve its target amount of \$2.3 billion (\$1.9 billion in local auto parts content and \$400 million in imports). The two major Japanese automakers used more parts in local content than targeted, but their imports of U.S.-made auto parts fell. The delay in the recovery of the domestic automobile industry has kept their imports at a low level.

Toyota Motor Corporation purchased more U.S.-made auto parts in 1994 than its target of \$5.28 billion (\$3.82 billion in local content and \$1.46 billion in imports), and total purchases by the major automaker are likely to reach \$6 billion. The gap in purchasing power is widening among Japanese automakers.

JAMA: Automakers Met U.S. Parts Targets

*OW1407030995 Tokyo KYODO in English
0245 GMT 14 Jul 95*

[FBIS Transcribed Text] Tokyo, July 14 KYODO — Japan's 11 automakers have met their fiscal 1994 target to collectively purchase \$19 billion in U.S.-made auto parts, an industry body said Friday [14 July].

The cumulative value of the companies' procurements stood at \$19.86 billion — well above the target and up 27.8 percent from a year ago, according to the Japan Automobile Manufacturers Association [JAMA], the organization which compiled the firms' data.

Japan's 11 automakers announced in January 1992 that they would purchase a total of \$19 billion worth of parts from U.S. suppliers in fiscal 1994 to March 1995 — an announcement timed to coincide with a visit to Japan by then U.S. President George Bush.

Bush requested the makers boost their parts procurements from U.S. suppliers to block further escalation of the bilateral auto trade fray concerning the lopsided trade imbalance and market access difficulties.

The total procurement is more than double that in fiscal 1990 when automakers collectively procured \$9.07 billion worth of U.S. parts, according to the association.

The purchased parts can be divided into two categories — those bought by the 11 makers' U.S. plants and those imported to Japan.

The association said the brisk growth in parts procurements for the makers' U.S. plants more than offset a decline in imported parts for use in automobiles assembled in Japanese plants.

Auto parts procurement has been one of major issues threatening to sour Japan-U.S. relations.

The 11 firms efforts toward achieving the procurement goal has been under international scrutiny since the Bush visit.

In the latest round of trade talks, which produced a compromise in Geneva on June 28, U.S. trade negotiators demanded that Japanese makers vow to increase parts procurements.

The 11 makers are Toyota Motor Corp., Nissan Motor Co., Mitsubishi Motors Corp., Honda Motor Co., Mazda Motor Corp., Isuzu Motors Ltd., Hino Motors Ltd., Nissan Diesel Motor Co., Suzuki Motor Corp., Fuji Heavy Industries Ltd., and Daihatsu Motor Co.

The association and the automakers attributed the attainment of the goal to sharply increased production of automobiles at their U.S. plants that use various parts from U.S. suppliers.

An association official said, "The goal was attained thanks to the yen's sharp appreciation and efforts made by both Japanese automakers and U.S. parts suppliers despite the fact that domestic output has sagged for four straight years in a row since the burst of the 'bubble' economy."

The yen's rise has whittled down yen-based procurement costs of U.S. parts. In fiscal 1991 when Bush flew in, the yen's value — used as the basis for the association's calculation — stood at 137 yen and 129 yen per dollar for the first and second halves of the year, respectively, while in fiscal 1994, the corresponding figures were 101 yen and 98 yen.

However, industry sources cautioned that the makers' procurement efforts may face some fresh deterrents in fiscal 1995, as the U.S. economy has developed

symptoms of a slowdown and the Japanese economic recovery has come to a standstill.

The association annually releases U.S. parts purchase statistics in June.

However, this year, it took the extraordinary step of putting off the timing of its announcement in view of the escalation of the bilateral auto trade row.

During the bargaining with Washington, Japan rejected a U.S. demand to set higher procurement targets, saying that acceptance of such a demand may amount to giving specific numerical commitments to the U.S. side.

Reportage on Progress of Air Cargo Talks

'Neither Side Budged'

OW1307135495 Tokyo KYODO in English
1336 GMT 13 Jul 95

[FBIS Transcribed Text] Tokyo, July 13 KYODO — Japan and the United States on Thursday [13 July] made no progress in narrowing their differences in an air cargo row, in which Washington is threatening sanctions, Japanese officials said.

"I don't feel that we're moving in a good direction," said Masahide Ochi, senior general counsel of the Transport Ministry and recently retired vice minister for international affairs.

"Many points of dispute remain," a ministry negotiator said, while other Japanese officials said neither side budged in what was slated to be the first of two days of vice ministerial talks.

The negotiations are focusing on a U.S. demand that Japan grant Federal Express Corp., based in Tennessee, new cargo routes via Japan to other Asian destinations.

Officials on both sides say talks could run beyond Friday, which marks the end of a U.S. comment period on proposed sanctions against the Japanese air cargo industry. The YOMIURI SHIMBUN quoted a Transport Ministry official as saying the likelihood is "strong" that the talks will stretch through the weekend.

A U.S. official said there was no official change in the schedule but offered no other comment on the talks.

During the day, the U.S. did not mention possible sanctions, the Japanese officials said, and U.S. officials say there is no deadline set for a decision on the moves. Transportation Secretary Federico Pena has suggested that such steps could entail barring Japanese cargo flights from several Asian points from landing in the U.S.

Both sides bickered in Thursday's session over the interpretation of the 1952 civil aviation treaty on which the FedEx requests are based, Japanese officials said.

Although both sides have cited progress in past negotiations, the officials said there was no movement on that key issue.

The U.S. wants Tokyo to immediately grant the FedEx requests, which officials say have been cut to seven from 11 and which center on routes to Asian destinations via Japan to the company's new regional hub at Subic Bay in the Philippines.

Washington repeated that Japan must honor the request because it falls under "beyond rights" that FedEx and two other U.S. carriers already hold under the treaty, the Japanese officials said.

The cargo shipper need only notify Tokyo of its intent to add the route, according to Washington's reading of the accord.

Tokyo again refused, saying it will not accept requests that further tilt the balance of the occupation-era accord toward the U.S. and demanding revision of the 43-year-old treaty, officials said. [sentence as received]

The Japanese side was led by Ochi and his successor at the ministry, Naoki Hirano. Daniel Tarullo, assistant secretary of state, heads the U.S. delegation, joined by John Penfold, minister for economic affairs at the embassy in Tokyo.

Fear of Rupture Rising

OW1407105195 Tokyo KYODO in English
0934 GMT 14 Jul 95

[FBIS Transcribed Text] Tokyo, July 14 KYODO — Japan and the United States agreed to meet again Saturday [15 July] to discuss the bilateral aviation dispute, while Washington appears ready to finalize sanction plans against Japan's air cargo industry as early as next week, Japanese officials said Friday.

"We have found absolutely nothing that would lead to an agreement" in the second day of vice-ministerial talks in Tokyo, a Transport Ministry negotiator said.

Japanese officials said both sides agreed to extend the talks, slated to end Friday, but the lack of progress and increasing U.S. annoyance were raising fears of a rupture Friday, the day the U.S. ends a public comment period on the threatened sanctions.

Washington has threatened to bar Japanese cargo flights from several Asian points from landing in the U.S. Japanese officials indicated concern that, with the public

comment period over, the U.S. might formally decide on the sanctions as soon as early next week.

A senior Transport Ministry official said Japan will take matching retaliatory measures in the event of sanctions, echoing an earlier vow by Transport Minister Shizuka Kamei.

The aviation row centers on a U.S. demand that Japan immediately grant requests by cargo shipper Federal Express Corp. [FedEx] for additional routes through Japan to other Asian destinations, particularly to its new regional hub in Subic Bay in the Philippines.

Friday's talks were largely a rerun of Thursday's session, in which the U.S. repeated that Tokyo must immediately grant the routes under a 1952 bilateral civil aviation treaty, Japanese officials said.

FedEx and two other U.S. carriers are granted "beyond rights" under the treaty and need only inform Tokyo of their plans to adopt the routes, Washington maintains.

But Japan continues to refuse to grant the routes on the grounds that they would further tilt the balance in the bilateral aviation business toward the U.S. and that the occupation-era treaty needs to be revised.

Extension Agreed to

*OW1407135695 Tokyo KYODO in English
1339 GMT 14 Jul 95*

[FBIS Transcribed Text] Tokyo, July 14 KYODO — Japan and the United States agreed Friday [14 July] to continue aviation talks by one day amid concern over U.S. sanctions.

Transport Minister Shizuka Kamei said he is "not pessimistic" about a resolution, but Japanese officials said the two sides made no progress in two days of vice-ministerial talks in Tokyo.

They expressed concern that Washington could decide as soon as next week on sanctions over the dispute, in which the U.S. insists Japan grant new cargo routes to Federal Express Corp [FedEx].

A U.S. Embassy official said the Saturday talks would be a "short breakfast meeting," but declined comment on the content of the talks or the possibility of sanctions.

In Friday's talks, Japanese officials said, the U.S. simply repeated that Japan must grant the FedEx routes under a 1952 bilateral civil aviation treaty, while Japan countered that the treaty is unfair and must be renegotiated.

"We cannot expect to resolve this issue if (the United States) insists on a treaty that was concluded decades ago," Kamei told a news conference. "It may be put away if it does not have merits for either nation."

But, saying the U.S. probably understands that the occupation-era treaty is lopsided in Washington's favor, Kamei added, "I'm not pessimistic."

The lead U.S. negotiator, Assistant Secretary of State Daniel Tarullo, told reporters as he left the Transport Ministry, "there are still differences, but it was a useful set of clarifications."

The outcome of Saturday's talks will determine whether the discussions are raised to the cabinet level, Kamei said, and Japanese officials indicated they hope the session will finish the vice-ministerial talks.

The embassy official would not comment on the Saturday discussions, saying only, "we're going to say whatever we've got to say tomorrow."

Japanese officials were gloomy, however, about the lack of progress through Friday, which was also the last day for a U.S. public comment period on the possible sanctions. Some Japanese officials said Washington appeared ready to decide on sanctions as soon as early next week.

"We have found absolutely nothing that would lead to an agreement," a Transport Ministry negotiator said.

Washington has threatened to bar cargo flights by Japan Airlines and Nippon Cargo Airlines that come via Japan from Hong Kong, Taiwan, Singapore and Thailand.

Japan will take matching retaliatory measures in the event of sanctions, a senior Transport Ministry official said, echoing an earlier vow by Kamei.

The aviation row centers on the U.S. demand for immediate approval of the FedEx routes, particularly to its new regional hub of Subic Bay in the Philippines.

FedEx and two other U.S. carriers are granted "beyond rights" under the treaty and need only inform Tokyo of their plans to adopt the routes, Washington maintains.

But Japan continues to refuse to grant the routes on the grounds that they would further tilt the balance in the bilateral aviation business toward the U.S. and that the 43-year-old treaty needs to be revised.

NCA President Interviewed on Aviation Issue

*OW1307110695 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 12 Jul 95 Morning Edition p 15*

[Summary of interview with Nippon Cargo Airlines President Toyoichiro Nakata; place and date not given; first paragraph is NIHON KEIZAI SHIMBUN introduction]

[FBIS Translated Text] Japan and the United States will hold vice ministerial level talks in Tokyo beginning on

13 July, in an effort to settle the issue of calls by a U.S. firm, Federal Express Co., for opening an air route. However, since the gap between the two countries is said to be still wide, it is possible that the dispute will result in an exchange of sanctions. The following is a summary of an interview with Toyoichiro Nakata, president of Nippon Cargo Airlines (NCA, located in Minato, Tokyo), an international air cargo service company that may be a target of possible sanctions by the United States, along with Japan Air Lines [JAL].

[NIHON KEIZAI] A petition submitted to the U.S. Government states that your company will call on the Japanese Government to rescind the aviation agreement if the United States imposes sanctions. Is this true?

[Nakata] When we say we will call for rescinding the agreement, it gives the impression that we are declaring war on the United States. However, rescinding the agreement is in fact more reasonable than imposing sanctions. If our request is accepted, the agreement would be frozen for one year, and so not all of our efforts would be wasted. In fact, there are many rescission cases in the past, including those of Thailand and France. In contrast, sanctions are designed to limit existing flights. In this sense, sanctions are more severe measures.

There is something wrong in the foundation of relations between Japan and the United States. Although past Japan-U.S. negotiations were originally aimed at discussing basic aviation issues, the negotiations actually went beyond the basic issues. Even if the forthcoming talks take the same course and the United States maintains its current position, we will have no choice but to annul the agreement eventually.

[NIHON KEIZAI] The U.S. side persists in its contention that getting new air routes for Federal Express is its vested right, guaranteed by the agreement. What is your view?

[Nakata] It is apparent that the Japan-U.S. agreement is quite unequal. You can find inequality by comparing NCA and Federal Express. Federal Express enjoys free flight. Federal Express is allowed to provide air cargo service from any place, and the number of its air cargo flights is unlimited. On the contrary, NCA, which is allowed by the Japan-U.S. provisional agreement of 1985 to fly to the United States, cannot make any air cargo flights from Osaka.

The number of NCA's air cargo routes is also limited. This is the biggest problem. NCA's air cargo flights across the Pacific are limited to 11 a week. This is not enough, but we cannot increase our cargo flights because

of the agreement. I think the agreement is absurd and unequal.

[NIHON KEIZAI] Federal Express itself says air cargo transportation should be liberalized, like marine transportation. Did you know that?

[Nakata] I know they are saying so. However, our hands are tied now, and they are almost free. It sounds as if they wonder whether we will allow them to open new routes if they untie our hands. I think it would be proper to untie our hands first.

[NIHON KEIZAI] The Transport Ministry is reportedly considering proposing to the United States to frame another agreement to be applied only to air cargo service. What do you think?

[Nakata] That is a good idea. The existing aviation treaty, signed in 1952, applies to combination carriers — that is, airplanes carrying both passengers and cargo. However, after the accord was reached, cargo carriers called freighters emerged; and in a sense, freighters do not fit into the aviation accord, which places more emphasis on passengers.

[NIHON KEIZAI] How much loss will NCA suffer if Washington invokes sanctions that limit Japanese air cargo companies' cargo transportation to the United States?

[Nakata] Our loss is estimated at four to five billion yen if all the freight to the United States is limited. However, as U.S. sanctions take shape, we have to consider possible alternative means of transporting cargo while seeking the cooperation of third countries. Asian nations in particular are sympathetic to Japan; among them, the Thai Government has offered to transport cargo between Asian nations and Japan.

[NIHON KEIZAI] Assuming that Japan wins the right to open new routes in the coming negotiations, do you think Japanese aviation companies have enough competitive power to compete with the U.S. companies in the aviation market?

[Nakata] As long as we base our business in Japan, we have to pay the highest landing charges at the airports. This is a disadvantage, but we have to compete with U.S. companies. NCA, for its part, cut employees by 20 percent when restructuring after the collapse of the bubble economy, and now we can see the light at the end of the tunnel. I am confident that NCA's per-kilometer delivery cost is competitive with that of U.S. companies, including Federal Express.

Official: Tokyo Has No Control Over PHS*OW1407080295 Tokyo KYODO in English
0737 GMT 14 Jul 95*

[FBIS Transcribed Text] Tokyo, July 14 KYODO — A senior postal ministry official said Friday [14 July] the government has no control over Japan's personal handy-phone system (PHS) business, over which new Japan-U.S. trade friction is brewing.

Masahito Tani, director of the secretariat at the Ministry of Posts and Telecommunications, was commenting on a reported U.S. demand that the PHS be covered by a bilateral agreement to monitor purchases of equipment and services by the domestic telecom giant Nippon Telegraph and Telephone Corp. (NTT).

Tani said the NTT affiliate that runs the PHS service is a private company outside of government control.

A high-ranking U.S. official reportedly said Washington will make the demand at a bilateral meeting to review the accord scheduled July 21 in San Francisco.

Japan has refused to disclose purchase figures for NTT's PHS affiliate.

EPA Cites Obstacles for Foreign Manufacturers*OW1307125295 Tokyo KYODO in English
0945 GMT 13 Jul 95*

[FBIS Transcribed Text] Tokyo, July 13 KYODO — Some foreign manufacturers seeking to crack the Japanese market face obstacles from Japan's "keiretsu" system that interlocks makers, subcontractors and distributors, according to the Economic Planning Agency report released Thursday [13 July].

The 227-page report carries the results of interviews and hearings with seven firms from the United States, Britain, Germany and South Korea which have tried to penetrate the Japanese market by setting up branches in Japan, including a wholly owned marketing subsidiary of one of the U.S. "Big Three" automakers.

The report quotes the officials of the U.S. carmaker's unit as saying, "We are patiently negotiating with 'keiretsu' dealers affiliated with Japanese carmakers to display our car models."

"Our company has provided car models to enable our dealers to be profitable," the official was quoted as saying.

"By providing such merits to dealers, we have broken up a fixed relationship between (some dealers) and their affiliated 'keiretsu' makers, motivating the dealers to display our car models (to Japanese consumers)," the official was quoted as saying.

These comments on the keiretsu issue appear on the EPA's report analyzing a string of economic and social factors that have hindered or bolstered foreign firms' willingness to invest or expand their commitments in Japan.

The report says, "The case of this maker deserves our attention in that it has succeeded in entering into Japan's strong and very complicated relationship between automakers and dealers which has drawn criticism as the 'keiretsu' system."

The other six mentioned in the report as models of foreign firms that have sought to penetrate here are the Japanese units of a German maker of power transmission devices, a Finnish construction machinery maker, a British measurement equipment maker, two South Korean trading houses and a U.S. mail-order retailer.

The report also carries the results of interviews with 17 foreign firms which have refrained from fully conducting direct investment in Japan.

Takaaki Yoshida, director of the EPA's Industrial Economic Affairs Division, told reporters, "In some cases, government regulations end up boosting costs for foreign firms and investigators have heard complaints over such barriers as voluminous excessive documentation requirements and the keiretsu system."

"A maker complained (to official investigators) that some Japanese makers have dominated the distribution system," he said.

As an example of keiretsu-related difficulties, he acknowledged that some foreign automakers are facing some difficulties in recruiting Japanese car dealers to display their products to Japanese consumers.

He declined to identify the makers which complained to the official investigators about the obstacles they are facing.

He also said that Japan now recognizes the need to encourage such direct investment and that its readiness to welcome the investments is corroborated by a June 13 announcement by cabinet ministers to this effect.

The report says Japan now faces a growing need to facilitate such investment, as it would help rectify problems in the Japanese economic structure, benefit consumers by increasing the scope of product choices and help galvanize the anemic economy.

It says foreign firms seeking to settle here are facing such major obstacles as high real estate and personnel costs, legal and administrative regulations, restrictive business practices such as rebate payments, diffi-

culties in recruiting capable local managers and other personnel, and curbs on mergers and acquisitions.

Editorial Views U.S.-SRV Normalization

*OW1307112395 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 13 Jul 95 Morning Edition p 2*

[Editorial: "The United States and Vietnam Should Take Up Responsibility for Creating an Asian Framework"]

[FBIS Translated Text] The United States has finally decided to normalize relations with Vietnam. The United States needed as much as 20 years to heal its wounds from its defeat in the Vietnam War. However, we should not regard the normalization of relations between the two countries as only a simple bilateral issue; it should be seen from the viewpoint of creating a new framework for economic development and political affairs in Asia in the post-Cold War era.

American business circles are unanimous in their support of ties with Vietnam. After economic sanctions on the SRV were lifted in spring 1994, billboards of U.S. companies started to proliferate in Ho Chi Minh City. However, operations were far from full-fledged. With U.S.-SRV normalization, Vietnamese economic development will undoubtedly accelerate.

At the same time, Myanmar [Burma] has announced the release of Aung San Suu Kyi. It is believed that Myanmar is keenly apprehensive of losing out to Vietnam. On the other hand, the DPRK (North Korea) has accepted conversion to light-water reactors and has started to open up its economy partly. The simultaneous development of Asian economies has now entered the fourth stage, since the Newly Industrializing Economies (NIES), ASEAN, and China have taken off in economic development.

Meanwhile, Republicans in the U.S. Congress opposed normalization with the SRV up to the last minute. President Bill Clinton had also been circumspect, due to his record of draft evasion during the Vietnam war.

The decisive factor in the recent development was the visit of Winston Lord, U.S. assistant secretary of state, to Vietnam last May. The Vietnamese showed a positive attitude on the unresolved issue of U.S. soldiers missing in action [MIA] and provided considerably more substantial information on the MIA's. Then the State Department advised the President in mid-June that "normalization is in order."

However, that is not the end of the story. Behind President Clinton's decision is also a desire to contain China, with which relations have been deteriorating recently. Although the State Department spokesman maintained that "this should not be viewed in relation to U.S.-China

relations," the political implications of rapprochement with Vietnam at this time are not negligible.

Asia has achieved dramatic economic development since the end of the Cold War. This is particularly true in the case of the PRC. From the U.S. point of view, if China continues to grow in power, it will definitely be alarming for the United States. It would not be surprising if the United States decided to call a stop at this juncture.

Both the release of Suu Kyi in Myanmar and the agreement with the DPRK on conversion to light-water reactors have great political significance, because both countries have strong traditional ties with China.

Needless to say, the United States should not introduce any new source of conflict into Asia. It should play a role in creating a post-Cold War framework using methods different from those of the Cold War era.

The same goes for Vietnam, which is expected to become an ASEAN member in July. It has to assume new responsibilities that come with full membership in the international community.

Foreign Ministry Voices Concern About Bosnia

*OW1307122095 Tokyo KYODO in English
1134 GMT 13 Jul 95*

[FBIS Transcribed Text] Tokyo, July 13 KYODO — Japan expressed its concern Thursday [13 July] over the deteriorating situation in eastern Bosnia and the forced expulsion of thousands of moslem residents from Srebrenica.

Foreign Ministry spokesman Terusuke Terada said in a statement that Japan is deeply concerned about the situation and condemned the Bosnian Serbs' attack on Srebrenica, which was designated a UN-protected "safe area."

The taking of Srebrenica by force is a "challenge to the United Nations and the international community," he said.

Japan strongly urges all warring parties to abide by UN Resolution 1004 which calls for an end to attacks by the Bosnian Serbs and for their withdrawal from Srebrenica, he said.

Terada also said Japan continues to support efforts by UN officials, including Yasushi Akashi, head of the UN peacekeeping operations in the Former Yugoslavia, and the contact group to achieve peace in the region.

Ambassador for APEC Forum Interviewed on Trade

OW1407085395 Tokyo MAINICHI SHIMBUN in Japanese 2 Jul 95 Morning Edition p 3

[Interview with Hiromoto Seki, Japanese ambassador in charge of the Asia-Pacific Economic Cooperation forum, by Toru Yamaguchi of the Economic Department; place and date not given; first paragraph is MAINICHI SHIMBUN introduction]

[FBIS Translated Text] We interviewed Ambassador Hiromoto Seki of the Foreign Ministry, who is in charge of the Asia-Pacific Economic Cooperation (APEC) forum and who will serve as chairman of the high working-level meeting scheduled to open in Sapporo on 4 July, and asked him about the significance of the Sapporo meeting and the Osaka APEC forum as well.

[Yamaguchi] What is the significance of the APEC forum this year?

[Seki] The APEC forum is an extremely rare occasion at which top leaders in the Asia-Pacific region can get together without any previous coordination or setting any conditions. It is only at such occasions as the APEC forum that U.S. President Bill Clinton and Chinese President Jiang Zemin can meet. Frictions will probably continue to exist in the Japan-U.S. relationship. The U.S.-China relations have cooled off since the beginning of this year. The ASEAN and Vietnam are also faced with problems. To my regret, I cannot say that the Asian-Pacific region is a peaceful and stable region. However, if leaders of the region are determined to open up bright prospects, the people can cherish expectations for constructive prospects.

[Yamaguchi] "A cooperative and voluntary approach" has been set forth as a means to promote trade liberalization and investment. What does this approach mean?

[Seki] Voluntary liberalization has already started in this region. Indonesia announced last year its action plan for liberalization for up to 2003. So have Malaysia and Thailand. China is also moving steadily toward shifting its economic structure to the market economy. We feel that if the APEC community is able to work out criteria for joint actions, liberalization can be further promoted.

[Yamaguchi] However, the United States thinks it will not be sufficient.

[Seki] Some nations have voiced suspicions that the United States may think that way to cover up the weakness of its position. However, we have come to realize that to our surprise, no differences exist between the position of the United States and the positions of other APEC member nations. Generally speaking,

no differences exist among the major APEC member nations.

[Yamaguchi] Is there any plan for concrete measures for liberalization?

[Seki] It has been suggested that some immediate actions would be taken for liberalization in 1995. At the Sapporo meeting, I am going to ask, for the first time, the member countries and regions what they can do and if they will be ready for actions by the Osaka forum in November.

[Yamaguchi] As the host country, will Japan take the initiative in announcing liberalization?

[Seki] Not only as the host nation but also as the regional economic power that equals the United States, Japan should take the initiative. Otherwise, no other nation will be willing to do so. I think we will have to announce liberalization. And also for the sake of Japan, the economic structure reform will have to be carried out.

MITI To Help Utilities Expand Into Asia

OW1307122395 Tokyo KYODO in English 0950 GMT 13 Jul 95

[FBIS Transcribed Text] Tokyo, July 13 KYODO — The Ministry of International Trade and Industry (MITI) is considering ways to help Japan's electric power companies expand their businesses elsewhere in Asia, MITI officials said Thursday [13 July].

With demand for electricity in Asia outside Japan expected to quadruple from 1992 levels by 2010, the ministry sees opportunities abroad for Japanese utilities to teach companies how to cut costs at home, officials said.

The ministry wants to craft "a support policy to provide guideposts for the advance" into Asia, an official at the public utilities department of MITI's Natural Resources and Energy Agency said.

Some utilities have previously exported power generation equipment to the region, but none have built or wholly operated power generation plants abroad.

Among plans being considered, officials said, are expanding trade insurance to cover energy-related projects more readily, using financing from the overseas economic cooperation fund and broadening the applicability of financing by the Export-Import Bank of Japan for electric power supply and transmission.

MITI also will consider whether legal revisions are needed on such issues as the extent to which the utilities, which hold monopolies in their areas, can shift their

domestic earnings to overseas investment, the officials said.

The ministry has begun considering the issue primarily through an advisory body to the public utilities department head. It will launch full-fledged discussions as soon as next month, setting up a new subcommittee of scholars and others within a comprehensive energy group that advises the MITI minister, they said.

Impact of BOJ Intervention Rumors Viewed

*OW1407081495 Tokyo KYODO in English
0749 GMT 14 Jul 95*

[FBIS Transcribed Text] Tokyo, July 14 KYODO — The dollar rose against the yen in Tokyo on Friday [14 July] on technical buying by interbank players, life insurance companies and others, coupled with rumors of Bank of Japan (BOJ) intervention.

The dollar was changing hands at 87.80-83 yen at 4 P.M., up from 87.38-42 yen at 9 A.M. and late Thursday's quote of 87.25-35 yen in New York. Throughout the day up to 4 P.M., the U.S. currency was traded between 87.35 yen and 87.95 yen.

In New York on Thursday, the dollar lost ground against the German mark and the yen because the Bundesbank did not cut key interest rates, dealers said. After rising to about 88.50 yen on expectations of a cut in German interest rates, the dollar briefly fell to 87.05 yen.

Encouraged by the fact that the dollar did not fall below 87 yen in New York despite the German central bank's decision to leave rates unchanged, interbank players purchased the U.S. currency, a dealer at Sakura Bank said.

He also said that life insurance companies, trust banks and U.S. funds were seen purchasing the dollar.

He said there was talk that the Bank of Japan stepped into the market to push up the dollar. "The dollar's rise from 87.40 yen to 87.80 yen was a little bit strange," he said, but the central bank's action could not be confirmed.

Masahiro Yamaguchi, assistant manager of the International Treasury Division at Tokai Bank, said, "I also heard a rumor that the Bank of Japan, which is said to have bought the dollar at 88.20 yen in Europe on Thursday, continued to try to help the dollar."

He also said that Japanese importers bought the dollar. Buying from a wide range of market participants and rumors about the Bank of Japan's intervention combined to push up the dollar to 87.95 yen at one time in the morning.

The Sakura Bank dealer said the market confirmed that the dollar has been on an upward course since U.S. and Japanese central banks intervened in the market July 7 to support the dollar, following their decision to lower interest rates.

"The dollar is likely to move up to test 88 yen. Then, resistance is expected at 88.50 yen," he said. As exporters are taking a wait-and-see stance at the current level, it looks like it will be easy for the dollar to rise, he said.

But Yamaguchi said the dollar seems to be limited at the top at 88 yen. He said few market players are willing to try to push the dollar above that level because those who had wanted to buy the dollar have already done so.

The dollar is unlikely to move much against the yen because it is sandwiched between buying and selling orders, he said. While market participants are expected to buy the dollar at 87.50 yen or lower, they will likely sell the dollar if it tops 88 yen, he said.

Shinozawa Hints at Controversial Tax Freeze

*OW1307123295 Tokyo KYODO in English
0953 GMT 13 Jul 95*

[FBIS Transcribed Text] Tokyo, July 13 KYODO — Vice Finance Minister Kyosuke Shinozawa on Thursday [13 July] hinted the government will freeze controversial taxation on unrealized dividends by the end of 1995.

Shinozawa said at a press conference that the ministry will ask the tax commission to expedite deliberations on the freeze if a surge of such requests arises among companies closing their books in December.

The remark indicates a bill for the tax suspension may be presented to the extraordinary Diet session in fall.

The suspension of the tax is included in the government's latest pump-priming package as a three-year step meant to buoy up the stagnant stock market.

If the bill is presented to the next ordinary Diet session starting early next year, the suspension would take effect in and after fiscal 1996 starting next April 1.

The Finance Ministry currently taxes profits accruing from companies' purchases of their own shares, viewing such profits as dividends paid to shareholders because the buying of one's own shares results in higher capital per share for companies concerned.

The taxation has discouraged companies from buying their own shares.

Ministry Official on Irrecoverable Yen Loans

*OW1407084795 Tokyo KYODO in English
0738 GMT 14 Jul 95*

[FBIS Transcribed Text] Tokyo, July 14 KYODO — Approximately 10 trillion to 15 trillion yen is expected to be effectively irrecoverable out of some 40 trillion yen in nonperforming loans held by Japan's financial institutions, a senior Finance Ministry official said Friday [14 July].

Yoshimasa Nishimura, director general of the ministry's banking bureau, made the estimate in a speech addressed to a private forum sponsored by KYODO NEWS SERVICE.

"It is a misunderstanding that all of the 40 trillion yen will be losses. One third or a quarter of them could become real losses," Nishimura said.

Trying to alleviate growing concern over the bad loans, Nishimura said 10-15 trillion yen is only 2 percent of the combined 700 trillion yen in loans extended by all the lenders.

Nishimura said 11 major commercial banks, three long-term credit banks and seven trust banks held a total of 12.55 trillion yen in loans to either bankrupt firms or to firms with interest payments in arrears over six months as of the end of March this year.

He added that they held more than 10 trillion yen in loans with reduced or exempt interest rates at the end of March this year. Together the bad loans comprise 6 percent of 383 trillion yen in their combined lending.

Estimates which calculated that 40 trillion yen in combined bad loans are held by the nation's financial sector assumed that other financial institutions, such as regional banks, credit unions and agricultural cooperatives, hold problem loans in a similar ratio to their lending value of 310 trillion yen, he said.

On the possibility of using public money to help financial institutions dispose of their bad loans, Nishimura called for further discussions to gauge the public's attitude.

The ministry will seek "an appropriate conclusion" after getting consensus through discussions at the Financial System Research Council, Diet sessions, the press, and other platforms, Nishimura said. The Financial System Research Council is an advisory body to the finance minister.

Learning lessons from criticism of the government-led scheme to bail out two failed credit unions, the ministry on June 8 presented a menu for the study of the use of

taxpayers' money in a set of basic guidelines to expedite the disposal of bad loans, Nishimura said.

While reiterating the need to resolve as early as possible the bad loan problem, Nishimura warned against overestimating the effects of settlement of the issue.

"It is a slanted view that once the bad loan problem is settled, the economy will recover and stock prices bounce back," he said.

Turning to the ailing housing loan sector, Nishimura said agriculture-related financial institutions lent 5.5 trillion yen to seven housing loan firms as of March 31 this year, comprising 42 percent of their total loans worth 12.9 trillion yen.

Nishimura said that the problems of housing loan firms have been exaggerated, considering their 6 trillion yen in bad loans account for 15 percent of the 40 trillion yen total of their loans.

"Although it is not an easy task to find clues to help solve the problem due to its complication, we are asked to act as a referee," he said.

Asked about the basic opinion of the ministry on the use of public funds, Nishimura said there may be two kinds of discussions — one on the bailing out of failed financial institutions and the other on economic stimulus, such as ways to promote the sale of land.

Restructuring of Housing Loan System Weighed

*OW1307145995 Tokyo KYODO in English
1426 GMT 13 Jul 95*

[FBIS Transcribed Text] Tokyo, July 13 KYODO — The Finance Ministry and the Bank of Japan [BOJ] are considering a drastic streamlining of the ailing housing loan sector by regrouping the existing eight entities into two or three companies, ministry sources said Thursday [13 July].

The move to reorganize the housing loan companies, which are currently struggling under a burden of more than 6 trillion yen in nonperforming loans, is one big step forward toward settling the top priority issue of the bad loans which mushroomed after the bursting of the "bubble" economy, the sources said.

The bad debt problem of the housing loan firms has been regarded as the major culprit behind the current economic doldrums and financial instability, which has directly affected the firms' parent banks from which the majority of such loans were extended.

Seven of the eight firms — Japan Housing Loan Inc., Nippon Housing Loan Co., Housing Loan Service Co., Sogo Jukin Co., Daiichi Housing Loan Co., Jyuso

Inc. and Chigin-Seiho Housing Loan Co. — have been under pressure to drastically review their 10-year reconstruction plan implemented in 1993.

So-called "city" commercial banks and regional banks have almost given up trying to rescue five of the eight housing loan companies, the sources said.

Two of the eight housing loan firms tied to long-term credit banks and Co-op Housing Loan Co., which was set up by agricultural cooperatives, are looking for ways to stay in business, they said.

The ministry will start consultations with their parents from next week to confirm their intentions as to whether to retain the housing loan companies and to discuss how to liquidate them should they be closed, the sources said.

Of the eight firms, four suffered net liabilities, a condition in which debts are in excess of their owned capital, in the year ended in March 31 this year.

Of the 6 trillion yen in bad loans held by the eight firms, 4.5 trillion yen should be recoverable, while public money would be needed to write off the remaining 1.5 trillion yen, according to an estimate by Nomura Research Institute.

The sources said a scheme meant to liquidate unpromising housing loan firms would call for their founding banks to abandon the recovery of even healthy loans.

Healthy loans may be preferentially recovered by farm-related financial organs, the largest lenders to housing loan firms, the sources said.

Such a scheme, however, would expose part of financially fragile founding banks to the risk of bankruptcy, prompting a call for the use of public money and Deposit Insurance Corp., the sources said.

The ministry has had contacts with the founding banks since its June 8 release of a set of measures intended to expedite the disposal of banks' bad loans, the sources said.

They said the ministry will begin in mid-August probe into the financial standing of housing lenders, including assets they put up as collateral for loans from parents and destinations of their lending.

The financial system research council, an advisory body to the finance minister, is to craft an interim report on the use of taxpayers' money around early September.

The council's advice will serve as a basis for making a final plan for the industrial regrouping, the sources said.

Panel Endorses Multimedia Infrastructure Fund

OW1307141895 Tokyo KYODO in English
1315 GMT 13 Jul 95

[FBIS Transcribed Text] Tokyo, July 13 KYODO — A Postal Ministry advisory panel said Thursday [13 July] it has endorsed the ministry's proposal for a special fund to develop a sophisticated information and telecommunication infrastructure.

The Posts and Telecommunications Ministry called for the special appropriation in its budgetary request for fiscal 1996, which will begin next April 1.

The ministry's Telecommunications Council supported the proposal at its plenary session Thursday on the grounds that an advanced information and telecommunication industry will be the core of new generation industries, such as the multimedia service.

The council said the development of the new industry cannot be accomplished through the traditional public works investment approach which gives emphasis to construction of structures.

The new fiscal approach has been called for by other political and economic groups, including a multimedia forum of the Liberal Democratic Party, the largest group in the ruling coalition.

The council stressed the need for the government to push ahead with projects designed to build the foundations for an advanced information and telecommunication network.

It urged the government to promote research and development for necessary equipment and software.

The council proposed joint experiments by Japan, the United States and European countries in the information and telecommunication field.

Toyota To Revise Auto Production Downward

OW1307114395 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 12 Jul 95 Morning Edition p 1

[FBIS Translated Text] The Toyota Motor Corporation has firmed up its plan to revise its automobile production downward this year. The company plans to reduce domestic auto sales to around 2.8 million units, down 60,000 units from its initial plan. It also plans to reduce exports to around 1.15 million units, down 100,000 units from its initial plan. The automaker's plans have been affected by sluggish domestic sales in the January-June period and by the drop in the company's competitiveness in exports due to the yen's appreciation against other currencies. As a result, Toyota's domestic automobile production will drop by 100,000 units from

the initial plan to around 3.3 million units, which is 22 percent lower than the company's peak output in 1990. Toyota plans to relocate employees at its major plants in line with the reduced production, in addition to taking other steps. With Toyota, Japan's largest automaker, planning to cut back on auto production, gloomier prospects are expected to spread in the automobile industry.

In its initial plans for 1995, Toyota intended to sell 2.24 million cars on the domestic market; and, together with export models, the company intended to produce 3.42 million units at its domestic plants. This year Toyota boldly planned to sell 10 percent more than the 2.04 million units it sold last year, taking into consideration the expected economic recovery and consumer demand for new cars. However, although January-June sales in the domestic automobile market (excluding light vehicles) increased by 7 percent over the same period last year, the sale of Toyota cars increased by only 0.7 percent, or 1.05 million units over the same period last year, and the company's market share (excluding light vehicles) dropped below 40 percent.

In the July-December period, Toyota hopes to increase sales by 10 percent over the same period last year through expanded marketing of its new Corolla models, introduced in May, and the new Crown models, to be introduced in the fall. However, the company admits that it will be difficult to recover from its poor performance in the first half of the year.

Regarding exports, Toyota has lost ground in price competition in the U.S. market due to yen appreciation. The company initially set its prices with an exchange rate of 90 yen to the dollar in mind, but prices have been raised twice already, and a third increase in the latter half of the year is inevitable. The company has also been affected by a temporary reduction in production of luxury models in June, due to the recent trade row with the United States over the automobile and auto parts sector. It is also difficult to predict whether the company can manage to export one million fully assembled automobiles (excluding knockdown exports).

Because the company's domestic auto production is expected to fall to around 3.3 million units, Toyota has decided to extend this year's summer vacation for its employees (initially 10 days) by an extra day by moving one company holiday from next January back to the summer.

Output at Toyota's production lines varies with the model being assembled. As a result, some plants have begun making adjustments, holding seminars, or cleaning up during normal working hours. In regard to relocating personnel, Toyota plans to move some employees

at its Tsutsumi plant (located in Toyota city, Aichi Prefecture), where the company manufactures Windom and Corona models, to the Motomachi plant (also located in Toyota city) and other plants.

Coalition Said Divided Over Defense Spending

*OW1407130295 Tokyo KYODO in English
1216 GMT 14 Jul 95*

[FBIS Transcribed Text] Tokyo, July 14 KYODO — Japan's ruling coalition is mired in an exchange of contradicting words over whether to contain growth in defense spending for the next fiscal year.

The controversy was triggered by Wataru Kubo, secretary general of Prime Minister Tomiichi Murayama's Social Democratic Party, who proposed Thursday [13 July] that the pace of growth in defense spending for fiscal 1996 be kept below the 0.855 percent for the current fiscal year, ending next March 31.

The SDP's coalition partner, the Liberal Democratic Party, reacted quickly Friday, with key LDP policy-maker Koichi Kato saying, "I think it's impossible."

"This is a topic which requires the parties within the coalition to make tremendous efforts (to reach an agreement)," said Kato, chief of the LDP's Policy Affairs Research Council.

The Defense Agency took sides with Kato, citing obligatory outlays on big-ticket defense equipment carried over from past years and required for the next fiscal year.

A top Defense Agency official, speaking on condition of anonymity, said Kubo's remark might have been made with the July 23 House of Councillors election in mind.

But Murayama made it clear that he is for restraint on growth in defense spending.

"The direction of disarmament has been fixed. I hope discussion will be made in that direction," Murayama told reporters.

The three coalition parties — the SDP, LDP and New Party Sakigake — agreed last year to keep defense spending growth down to 0.855 percent for fiscal 1995 after bickering between the right-prone LDP and left-leaning SDP.

Murayama: Coalition Aims for 75 Seats in Poll

*OW1307141095 Tokyo KYODO in English
1242 GMT 13 Jul 95*

[FBIS Transcribed Text] Akita, Japan, July 13 KYODO — Prime Minister Tomiichi Murayama said Thursday [13 July] the tripartite ruling coalition wants to win

at least 75 of the 125 seats at stake in the House of Councillors poll July 23, matching the number of departing coalition members.

"Our coalition consists of three parties, so it can be said we have public support if we grab more than the current seats," Murayama said at a press conference in this northern city.

The targeted number is more than the 64 seats sought by some ruling coalition lawmakers, or a majority of the 125 seats up for grabs. The upper house has 252 members.

In a related development, Wataru Kubo, secretary general of Murayama's Social Democratic Party (SDP), said party-backed candidates who win should not be counted among the 22 seats targeted by the SDP.

"It's common in elections among parties that the number of party-backed winners determines whether the party won or lost," Kubo said at a press conference in Ube, Yamaguchi Prefecture, western Japan.

The SDP is fielding 40 candidates in the poll, with 22 seats to be decided upon via electoral districts and 18 by proportional representation.

The ruling coalition is made up of the SDP, Foreign Minister Yohei Kono's Liberal Democratic Party and Finance Minister Masayoshi Takemura's New Party Sakigake.

NFP's Funada Backs Hosokawa's Blueprint

*OW1307131195 Tokyo SANKEI SHIMBUN
in Japanese 12 Jul 95 Morning Edition p 2*

[FBIS Translated Text] Hajime Funada, a legislator affiliated with the main opposition New Frontier Party [NFP] and former director general of the Economic Planning Agency, gave a speech at the Foreign Correspondents Association on the afternoon of 11 July. During a question-and-answer session following his speech, Funada touched on a blueprint proposed by former Prime Minister Hosokawa for a "Japanese version of the New Deal Union" that aims to rally political forces by going beyond the framework of the established political parties. He said, "I agree with the aim of the blueprint. I want to become a founding member." In this way, he indicated his intention to participate in the blueprint.

Discussing the future realignment of political parties, Funada said, "I intend to explore ways to regroup the established political parties while meeting with various people in the ruling Liberal Democratic Party [LDP], people who have bolted from the ruling Social Democratic Party of Japan, and some people in Sakigake [Harbinger Party]." He stressed anew that he would aim

to regroup the established political parties, transcending the framework of the NFP.

Asked about forming a conservative-conservative coalition with the old Obuchi faction of the LDP, he rejected that possibility, saying, "The people will not accept it."

Commenting on the intraparty situation in the NFP, Funada pointed out that "the NFP has no enthusiasm for toppling the present coalition government." On the way Secretary General Ozawa runs the NFP, he said: "Mr. Ozawa is like a lamb. I hope that he will return to the old Ozawa and display his leadership."

LDP Policy Research Council's Kato Interviewed

*952B0189A Tokyo SHUKAN GENDAI in Japanese
10 Jun 95 pp 46-47*

[Interview with Koichi Kato, LDP Policy Research Council chairman by unidentified interviewer; place and date not given]

[FBIS Translated Text] Koichi Kato is called a key person in the Liberal Democratic Party [LDP]-Social Democratic Party of Japan [SDPJ]-Sakigake coalition regime, and is chairman of the LDP Policy Affairs Research Council. Lately, his words and actions have been constantly drawing attention in political circles, such as in his shrewd handling of the issue of amalgamating or abolishing special corporations and the Japan-North Korea negotiations, or in his secret meeting with Hajime Funada, the Shinshinto's young hope and former economic planning agency director.

[SHUKAN GENDAI] All sorts of moves surrounding a conservative-conservative coalition are being speculated on; and you Mr. Kato consulted secretly on May 10 with Mr. Hajime Funada of the Shinshinto and with the new Sakigake's acting director Yukio Hatoyama, did you not?

[Kato] In fact, so far Mr. Funada and I have had little contact. He is just a person in whom I have been very interested for some time. We had said to each other that we should get together some time, and our timing finally meshed after the May holidays. However, Mr. Funada thought that if just the two of us were to meet, he could not but be subjected to hazing from within the Shinshinto, and so he invited Mr. Hatoyama. At our meeting, all sorts of topics came up, from political restructuring to a discussion of science and technology. Perhaps our dispositions match, but with those two I can talk very comfortably. I believe that what will be important for the political situation henceforth is such dispositions or concurrences in generational sensibilities.

[SHUKAN GENDAI] In the past, Mr. Funada was said to be a close associate of Mr. Ichiro Ozawa; but lately he has been openly critical of the leadership and is rapidly moving toward "a break with Ozawa."

[Kato] Yes, I got the impression that he is not getting along well with the leadership. Nor did he hide that. He made straightforward complaints.

[SHUKAN GENDAI] Some also see that meeting as preparation for the Shinshinto's anti-Ozawa group to link hands with the LDP's YKK. Even so, the recent moves groping for a conservative-conservative coalition are dizzying.

[Kato] There are all sorts of moves concerning a conservative-conservative coalition. Various combinations are being debated: for instance, an "old conservative-conservative coalition" to join the LDP and Shinshinto in a great coalition with MITI minister Ryutaro Hashimoto as leader, or a "new-conservative-conservative coalition that would not be shackled to political party frameworks. Yet, this is surprisingly difficult. With the present single-seat constituency system, even if we should try to have a conservative-conservative coalition, the candidates would be competing against each other in the electoral districts. For example, Mr. Koichiro Aino of the Shinshinto is being called anti-leadership and pro-LDP within the Shinshinto, while an influential new LDP man is standing as a candidate in Mr. Aino's home area.

Actually, at this point we often hear in the ruling parties such views as "Hasn't political reform been a failure? Can't we turn back the single-seat constituency system and make it a medium electoral system?" It is ironic that those who thought things would be rosy if the electoral system were fixed now say the electoral system has become a hindrance and that's why political restructuring does not proceed.

[SHUKAN GENDAI] Yet, we can't go back to the medium electoral system without even once holding elections under the single-seat constituency system.

[Kato] Yes, as a minimum we may have to hold elections once or twice under the single-seat constituency system. In the process of holding elections a number of times and repeatedly having great coalitions or something, Japanese politics may move toward shaping up a big ruling party. Then, in the end that huge political party will have a big split into two parts.

[SHUKAN GENDAI] By the way, you, Mr Kato, have for some time called for a "generational shift," have you not. Yet, the old men's group in the LDP seems panic-stricken at the rise of the YKK.

[Kato] Certainly for those who are older and have been elected more times than we, a three-party coalition regime is something with which they are not comfortable. However, it is not that all is fine if you have youth, but the trend for a generational shift cannot be thrown into reverse.

[SHUKAN GENDAI] The design of a confrontation between the YKK group centered on Mr. Kato, Mr. (Junichiro) Koizumi, Mr. (Taku) Yamasaki, and the "former Keiseikai" is being rumored about. In early February, omitting party Vice President Keizo Obuchi, you met secretly with Secretary General Yoshiro Mori and President Yohei Kono. Such things are being taken as an open "avoidance of Obuchi."

[Kato] If we truly intended to alter the trend of the political situation, we would do more things secretly. (He laughs). We have absolutely no intention of confronting Mr. Obuchi. Even now, he is a friend with whom I enjoy dining. Just because it happened that we of the YKK dined with Mr. Kono and Mr. Mori, all sorts of things are being said; but it is being overrated. Still, politics are interesting. Any slight image becomes substance.

[SHUKAN GENDAI] How about Mr. Ichiro Ozawa of the Shinshinto?

[Kato] Shrewd politician Ichiro Ozawa also is a virtual image created by the mass media. So, I think Mr. Ozawa was very bitter. Because, from the moment he became LDP secretary general he had to make himself fit the image being reported. Also, it was being said that Mr. Ozawa is eager to reform the bureaucratic structure; but in actuality he was eager to get along well with the bureaucrats, so that up to the end he could not confront the bureaucracy. In that sense, his politics did not even go beyond the long-established framework of politics.

[SHUKAN GENDAI] Speculation is also rife that Mr. Ozawa would join hands with his bitter enemy, former Secretary General Seiroku Kajiyama and set up a conservative-conservative coalition.

[Kato] Well, I wonder. Even if Mr. Ozawa, in seeking to return to power, were to set up a conservative-conservative coalition, how many from within the party would come out in agreement with him? After all, setting up a conservative-conservative coalition may come from the LDP side.

Prime Minister Murayama Absolutely Won't Step Down

[SHUKAN GENDAI] Now, on May 10 LDP Secretary General Mori brought out that Prime Minister Tomiichi Murayama had said "There are limitations to a transitional cabinet" and then made the bombshell statement

that "the prime minister has come to want to chuck the cabinet." Is there actually a chance of Prime Minister Murayama's resigning?

[Kato] There is absolutely no way that Prime Minister Murayama will cast aside the post of prime minister. For some time, he has said he is heading the regime while ready at any time to resign; but after that uproar he tightened up smartly. When everyone started thinking that he might be quitting, conversely the feeling "What are you saying?" emerged.

[SHUKAN GENDAI] However, even without the Mori remarks, it is clear to anyone with eyes that the Murayama cabinet is also stalemated policy-wise. Without mincing words, how long will the Murayama regime hold up?

[Kato] We should stay with Mr. Murayama until the next general elections. We think that, at the earliest, the elections will be next February or that fall at the latest. Thanks to you fellows, even a "no-war resolution," which has been a pending item, will somehow apparently be settled. My feel for it is that in the end the LDP and SDPJ should compromise.

[SHUKAN GENDAI] And, the possibilities of the cabinet restructuring matter that has suddenly come up?

[Kato] I think that to raise the Murayama regime's centripetal force a cabinet restructuring should be done. Of course, there are all sorts of views on the timing of that restructuring. For instance, Mr. Koizumi is of the opinion that if it were done before the upper house elections and we lost, we would lose a factor for tightening up the regime; hence cabinet reorganization should be after the completion of the upper house elections. On the other hand, Mr. Yamasaki thinks that to tighten up the regime we should reorganize before the upper house elections.

[SHUKAN GENDAI] What is at the core of this reorganization?

[Kato] I cannot say anything carelessly, but there is even a chance that the SDPJ Secretary General Wataru Kubo will enter the cabinet. If he does, it would make the foundations of the Murayama regime solid.

[SHUKAN GENDAI] However, these days disharmonious sounds are conspicuous in the coalition regime. Perhaps because they are more relaxed, having gotten back into power, there are Diet members in the LDP who openly claim that "the LDP can win a solo majority."

[Kato] Certainly there is some rattling within the three parties. Somehow, since things have been going relatively well for a year, may there not be some

slackening showing up? Lately, not just in the LDP but also in the SDPJ and Sakigake, waywardness is emerging. I feel this is a dangerous time.

The LDP's seats in the lower house number 208. Forty to 50 more seats are needed to reach the majority for getting a prime minister, so that, besides the Sakigake, the cooperation of the SDPJ is indispensable. In short, it is as if the LDP were in temporary housing whose foundations are weak. If there is fighting within the ruling parties, the house will abruptly collapse. We have not altered our feeling that we'd like to become an absolutely powerful ruling party; and we will show that we will become one; all the more reason, therefore, that caution is now necessary.

Nagata-cho Reportedly Falling Apart

952B0187A Tokyo KANKAI in Japanese Jun 95
p 262

[Unattributed article]

[FBIS Translated Text] With "third-pole," "generational warfare" and the birth of laughable governors, Nagata-cho is on its way toward a liquefaction phenomenon.

Since this year began, the Japanese archipelago has had an ominously large number of earthquakes; and in the Hanshin quake's zone of violent tremors the "liquefaction" phenomenon was observed.

In Nagata-cho, too, where political restructuring is going ahead, this "liquefaction" phenomenon seems to have been further spurred since the unaffiliated "laughable governors" came along in Tokyo and Osaka.

Some 20-odd persons of the former Japan New Party have started a study group formed around candidate Iwakuni, defeated in the Tokyo gubernatorial election. In the last elections they shared in the good fortune of Hosokawa's popularity and became first-term Diet members; but with the merger into the Shinshinto they have no prospect for the road ahead.

Secretary General Ozawa will be running the show in the general elections. The first-termers of the former Japan New Party can have no say on anything from official recognition, to funding and how the votes are divided up. They are the ones who won their seats by criticizing the existing parties; and the Shinshinto now is under the complete domination of the Ichi-Ichi line so that the new wind is totally stilled, and instead the party has become imbued with the LDP's old, bad nature.

It is not just those from the former Japan New Party who feel that way. Those in the Shinshinto from the former Komeito and former Democratic Socialist Party, as well as Taku Yamamoto, Seiichi Ota, Shokei Arai and

Shigeru Ishiba, all have expressed their dissatisfaction with the Kaifu-Ozawa set-up.

From the heads of U.S. business to the mayor of Izumo city and candidate Iwakuni, who was a challenger in the recent Tokyo gubernatorial race, none show attitudes that exhibit rejection reactions toward this "liquefaction" phenomenon of Nagata-cho.

While going with the flow and expressing their intent to run in the lower house elections, they seem to be reflecting on where to position themselves.

One more person who has begun moving to drift back to "liquefied" Nagata-cho is Yokomichi of Hokkaido. While he was governor, he continued to receive fervent "love calls" from Yamagishi of the Rengo, Ozawa of the Shinseito [Japan Renewal Party], and others working on political restructuring.

Both Yamahana and Kubo visited him in Sapporo. He was so popular that, looking on from an outfield seat, one would cock one's head wondering if he were a politician with so much appeal.

In Rengo, now welcoming this Yokomichi, Japan Postal Workers' Union [Zentei] switched from supporting Yamahana and has reconciled with All Japan Prefectural and Municipal Workers' Union [Jichiro], which had supported Murayama. Yamahana also is all but out of it, having had his enthusiasm squelched due to the great Hanshin earthquake.

If only because his advance reputation was so high, it is brilliant the way that Yokomichi, floating down into this, is working to put an end to the Social Democratic Party of Japan's "liquefaction" and furthermore is checking on how much of a role he can play with Kaieda and others who have formed connections with the former Democratic Socialist Party and Yamahana to organize a "third pole" political grouping with some prospect.

Unmistakably, Iwakuni and Yokomichi will make clear by this summer whether they can become a new "nucleus" of Nagata-cho.

As for the LDP, its veterans sense peril in the scrimmage between Kono and the YKK, and have begun moving to rebuild the factions, thus pushing to the fore a situation of "generational warfare."

The moves of such veterans as Kajiyama, Nakayama, and Muto are about to confront the YKK and draw mass media attention.

LDP's New Policy Groups Reported

952B0185A Tokyo SEIKAI SHUNJU in Japanese
Jun 95 p 34

[Unattributed article: "New Policy Groups Are Appearing Within the LDP and Beginning Moves Toward the Post-Murayama Era and the Party Presidential Election"]

[FBIS Translated Text] Moves have emerged within the Liberal Democratic Party [LDP] to form new policy groups. First, with Executive Council Chairman Kabun Muto as its central figure, the "New Future Research Forum" was formed on 13 April, and veteran Diet members including former Secretary General Seiroku Kajiyama are going ahead with their preparations for the inauguration of "Taishokai."

Both of them are setting their sights on the post-Murayama era and at the same time aiming to prepare for the LDP presidential election in September, believing that "the SDPJ's defeat in the upper house election is inevitable, and that in that case Prime Minister Murayama's resignation is unavoidable."

The "New Future Research Forum" has 54 members. Except Mr. Muto, they have thus far won seven or less elections, and the forum's central members include former Posts and Telecommunications Minister Katsutsugu Sekiya, former Education Minister Kazuya Ishibashi, and Education Minister Kaoru Yosano. They are looked upon as persons who have been close to Mr. Muto for a long time. A number of young members of the forum are also members of "Group Shinseiki" led by Policy Affairs Research Council Chairman Koichi Kato and Diet Affairs Committee Chairman Taku Yamasaki.

On the other hand, central figures of "Taishokai" are literally those who were born in the Taisho era or in the first nine years of the Showa era, including former General Affairs Agency Director General Kiyoshi Mizuno and former International Trade and Industry Minister Eiichi Nakao. With a clear sense of purpose this group is keenly critical of the party's executive leadership including President Kono and Secretary General Mori. It is also poised to call the party executives to task for the defeat in the Tokyo Metropolitan gubernatorial election.

"Taishokai" is reportedly studying measures to support the party's Vice President Obuchi and International Trade and Industry Minister Ryutaro Hashimoto in the post-Murayama era and in the party presidential election. It is aflame with the spirit of rivalry against "Shinseiki" led by Mr. Kato and others who are leaning toward Mr. Kono's reelection.

In contrast, "Shinseiki" is asking the executive leadership to set the age limit for candidates for proportional

representation in separate blocks. Young Diet members are stepping up their criticism of veteran politicians, saying that "Mr. Kajiyama and Mr. Koko Sato, who were respectively the party's secretary general and Executive Council chairman during the Miyazawa regime, are the principal culprits who caused the LDP to fall from the government party."

In this context, after the unified local elections, the "war between generations" is likely to become increasingly intense in the form of a feud between "pro-Kono" and "anti-Kono" forces.

LDP Leaders 'Plot' To Take Power

952B0186A Tokyo SANDE MAINICHI in Japanese
4 Jun 95 pp 39-41

[Article by Taiichiro Kobayashi]

[FBIS Translated Text] Pressing Prime Minister Murayama To Abdicate and Dissolve Diet; Plot of LDP Leadership

While the mass media are up to their necks in the Aum sarin-gas incident, the political situation has suddenly grown tense. From one part of the LDP an argument for seeking double elections has burst forth. Will "limited premier" Mr. Murayama finally be forced to bring down the socialist party by his own hand?

"Prime Minister Murayama has agreed with with the LDP leadership to yield the premiership to party President Kono after passage of the supplementary budget. When Mr. Kono assumes office as prime minister, there will immediately be a dissolution and double elections for the upper and lower houses of the Diet."

Such intelligence was rife among the leaders of the Shinshinto [New Frontier Party] around May 12. If this is true, it is a serious matter for the Shinshinto and socialist party, which are late in their election preparations. The LDP would be the sole winner and might be able to take solo power. An official of the Shinshinto immediately made contact with a cabinet member from the socialist party to ascertain the truth of the report.

Denying the rumor of a secret pledge to abdicate, the cabinet officer responded, "It is true that Mr. Murayama has become discouraged; but merely to give up would destroy the socialist party. He won't do anything so irresponsible. Please trust us."

However, where there is smoke there is fire. There is no question that Nagata-cho is in a very touch-and-go condition.

To start with, what lit the fire under the rumor of Murayama's stepping down was a speech that LDP

Secretary General Yoshiro Mori gave in the capital May 10, namely his saying "The public isn't necessarily satisfied with the three-party coalition and is even getting impatient. As to the prime minister himself, for a party chief not from the number-one party to put together a cabinet, makes it a transitional cabinet; and he himself is saying that there are limitations to his undertaking." For the secretary general of the lead party in power to lay bare the "limitation remarks" of the prime minister and others is inconceivable by the conventional wisdom of political circles.

This met with strong counterattacks from within the socialist party, to be sure, but also from within the LDP: "Secretary General Mori lacks a politician's temperament," said Home Affairs Minister Nonaka. To be sure, Mr. Mori himself has even apologized to the prime minister, but seems rather unabashed. Why is that? An official of the former Obuchi faction throws out that "It is because he'd like to fight in an upper house election and a general election while he's secretary general. That's all it is."

For the LDP management of Kono and Mori it soon will be two years since the general elections of summer the year before last; but within the LDP there is a strong sense that they still are a temporary executive committee of an emergency, disaster type. Even though they became a ruling party with the Murayama regime, their defeats are continuing in upper house by-elections and local elections; and their reputation within the party is unfavorable.

No Clear Regime Image for "Post-Murayama"

On the other hand, those close to the prime minister are hoping for a cabinet reorganization before the upper house election so as to increase his centripetal force which is dropping with each passing day. If a reorganization could be carried out, the chances are very high that Secretary General Mori would come into the cabinet. Yet, it is clear that from Mr. Mori's standpoint it would be best to stay in the secretary general's post rather than become a cabinet officer in an old, short-lived cabinet.

For the first time since enactment of the political-party subsidies law, party subsidies of 30.903 billion yen—half their annual budgets—are to be paid out on July 20. Of that, the LDP's share will be about 13 billion yen. It is the secretary general who does the management and allotment of this huge sum. Moreover, if they can get a victory in the upper house elections the power of the secretary general at the time will become tremendous.

"In short, what Mr. Mori wished to say was that Prime Minister Murayama lacks the power to reorganize the

cabinet. Furthermore, if a prime minister in decline were to give way to Mr. Kono, it would be even better. Anyway, it would be just great if we could take it into double elections with the political situation in disarray and the present leadership." (An official of the former Miyazawa faction) If they hold the September election for LDP president the way things are now, it may be almost impossible for President Kono to be reelected. Mr. Mori may be replaced before then. However, if we can carry into double elections and win so big that the LDP would hold a majority on its own, we calculate that it would automatically mean the birth of a genuine Kono regime and security for Secretary General Mori, too. It appears that in scheduling debate on the supplemental budget bill by the 19th there was the aim of presenting a strong stance, as well as challenging the Shinshin party so as to make them present a cabinet nonconfidence motion and so trigger dissolution.

So saying, it is also a fact that in the "abdication rumor" there are a number of hurdles to be crossed.

First of all, Prime Minister Murayama is simultaneously secretary general of the socialist party. Of all the ruling and opposition parties, the socialist party's preparations for general elections are the most retarded. If he were to throw away his regime at this time, he not only would be labelled irresponsible but also could not avoid a major defeat in double elections. However much the prime minister may have limits psychologically and in physical strength, he cannot decide to step down merely for personal reasons. And, secondly, even if it is the cabinet running the elections, there is a question, for instance, of whether those in the LDP would coalesce around Kono as leader.

It is said that currently within the LDP there is, broadly speaking, a tripolar structure. These three are a group supporting the Kono leadership, a group that would go for MITI Minister Hashimoto, and an intermediate YKK faction (Y = Diet Policy Committee Chairman Taku Yamasaki, K = Policy Affairs Research Council Chairman Koichi Kato, K = former Welfare Minister Junichiro Koizumi). For a time, the YKK drew close to the Kono-Mori line; but of late it is said to have leaned toward Mr. Hashimoto. If it comes down to Kono vs. Hashimoto, the chances are high that the decision will be for Mr. Hashimoto.

However, this is nothing more than the power analysis within the LDP. As for the other ruling parties—the socialist party and the Sakigake party—since they openly say that, "If it is a Hashimoto leadership, we won't get on board; it will mean leaving the coalition" (a socialist party officer), the subject becomes complicated.

For the LDP to bring about a Hashimoto leadership but without falling into becoming a minority ruling party, it will need a conservative-conservative coalition with an opposition party, that is, the Shinshinto. "That is why the YKK is trying for cooperation with the Shinshinto group of former Economic Planning Agency Director Hajime Funada," says a former Mitsuzuka faction officer. That is the true nature of the "meeting to consider a system for open election of the premier" held initially by 20 persons from the LDP and Shinshinto on May 17. Still, the general situation of the LDP and Shinshinto is negative on the future of this meeting. A Shinshinto officer dismisses it, saying "That was just a get-together of Mr. Funada, who's feeling uneasy about his own reelection, and some malcontent elements wanting to attract attention. No upright person will be associated with it."

Policy Affairs Research Committee Chairman Kato of the YKK says, "After all, post-Murayama will be Mr. Murayama."

This may be nothing more than encouragement for a prime minister in final decline; but it is also a fact that at the present time none of the forces in the LDP can construct an image of a post-Murayama regime.

Even so, the currents in the political situation are accelerating day by day. In seeking to bring out its own uniqueness even a little prior to upper house elections, the socialist party is trying to pass a no-war resolution in the present Diet session; but the LDP is similarly bolstering its individuality in advance of the election. There is no way the two parties can reach a consensus on the Pacific war. If people in the LDP try to settle it by force, it will mean its brunt being directed at the very ruling-party framework of the LDP, socialists, and Sakigake.

Chance of a Lifetime To Demolish Shinshinto

Cabinet reorganization will also be a major spark. In the LDP some are calling for bringing back former Secretary General Seiroku Kajiyama to replace Mr. Mori; but no one knows whether Mr. Mori or the YKK with its strongly anti-Obuchi-faction coloration will simply stand aside. Within the socialist party, too, will such right-wing forces as Secretary General Kubo ever be easily brought into the cabinet? Furthermore, the Sakigake, in which Finance Minister Takemura is being bashed, may plan to break away and be outside the cabinet. One can never believe that the prime minister, with his zero leadership, has the decisive power to reorganize in the face of this.

If not, the remaining paths for Prime Minister Murayama, after all, will be to step down or to dissolve

the Diet. Speaking of his stepping down, one of the abdication rumors being bruited about is the idea of his exiting after the summit. The prime minister will be attending the summit conference to be held in Canada's Halifax June 15-17. It would mean his stepping down right after this summit.

The end of this current Diet session is June 18; but if he steps down right after that and the next prime minister dissolves the Diet at the session for designating party leaders up through June 22, the polling date for the lower house elections would be July 23. It is said that this day has the highest chance of being the polling date for the upper house. In short, there would be same-day elections.

In the LDP, one hears people saying, "Same-day elections are not desirable in light of constitutional rules on the bicameral system; and if voting for the lower and upper houses under the new system is done jointly, it will be even more confused." (An officer of the former Obuchi faction)

Even while that may be a public stance, the idea may be to try to block the birth of a Kono regime; but at a lecture meeting on the 18th, even the cautious party Vice President Obuchi said, "We will succumb to the lure of winning"—which can be taken as an argument for accepting same-day elections. Moreover, a sweet murmur is being heard from those close to the leaders about "the best chance to recover a sole majority and crush the Shinshin party." (an officer of the former Miyazawa faction) When the LDP as a whole turns toward the argument for a stepping-down and a Diet dissolution, will it still retain enough spirit to oppose the prime minister?

North Korea

ROK-U.S. Military Exercises Cited, Condemned

'Unceasing Military Provocations'

SK1407044795 *Pyongyang KCNA in English*
0441 GMT 14 Jul 95

["Unceasing Military Provocations and War Games" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 14 (KCNA) — The South Korean puppets and the U.S. imperialist warmaniacs have committed grave military provocations and war games one after another in these days, rendering the situation strained, military sources said.

Between July 1 and 10 the puppets brought 90 mm recoilless guns, 12.7 mm machine guns and other heavy weapons and more than 3,400 armed bandits into the southern portion of the Demilitarized Zone

of the Military Demarcation Line, creating a gruesome atmosphere of confrontation.

On July 10 and 11 the U.S. imperialist warmaniacs staged long-distance surprise strike exercises and air-lifting operations against the northern half of Korea in the sky above South Korea.

Participating in the manoeuvres were ten odd overseas-based fighter bombers, scores of carrier-based planes and electronic jamming planes.

In the period ten odd extra-large and large transport planes from bases in Japan and the Pacific carried combat military hardware and combat materiel to the U.S. Air Force bases in South Korea.

Joint Naval Exercise Denounced

SK1407121195 *Pyongyang Radio Pyongyang*
in Korean to South Korea 0900 GMT 13 Jul 95

["Dialogue" between station reporters Ko Chong-ho and No Myong-hwa: "At What the War Exercise is Aiming?"; from the "Hour for South Korean Armed Forces" program]

[FBIS Translated Text] [No] How are you?

[Ko] How are you?

[No] As you know, the South Korean puppets are joining hands with foreign forces to conduct provocative war exercises against our Republic, challenging the unanimous desire of the entire nation for peace and reunification. The reckless war exercise maneuvers of the U.S. imperialists and the South Korean puppets are driving the situation on the Korean peninsula to the point of acute confrontation and a phase of war. Let us talk about this today.

[Ko] According to news reports, the rascals are conducting another provocative joint naval exercise near Pohang in North Kyongsang Province. Dubbed Freedom Banner '95, the war exercise began on 8 July and will last until 6 August. The South Korean puppets have conducted exercises daily, including such fire games as river-crossing operations, aerial reconnaissance exercises, mountain maneuver exercises, and chemical, biological, and radiological exercises. They have ceaselessly committed military provocations that are agitating us. The U.S. imperialists and the South Korean puppets deliberately strain the situation of the Korean peninsula through military reinforcement, war exercises for northward aggression, and various grave military provocations. I believe a very cunning plot lies behind the nearly month-long joint military exercise called Freedom Banner '95.

[No] That is correct. The rascals advertise that the objective of the war exercise is to improve the interoperability of U.S. Forces and the puppet navy, and that the exercise is not dangerous at all. However, the rascals can never conceal the danger of the joint military exercise. The Freedom Banner '95 joint military exercise is in every way an extremely dangerous war exercise for northward aggression aimed at our Republic. This is proved by the location of the exercise. Pohang has a coastline similar to that of our country. Pohang is where the U.S. and South Korean bellicose elements used to intensively conduct the Team Spirit joint military exercise, a preliminary nuclear war. Conducting another provocative war exercise in such an area plainly shows that the exercise is for an aggression on the northern half of our Republic.

[Ko] That is correct. Some 5,300 U.S. Forces, including those deployed to this area and those based in South Korea, are participating in the war exercise. In addition, numerous South Korean puppet navy forces are mobilized. During the Korean war, the rascals landed numerous aggressive armed forces along our country's coastline. Considering this, how can the exercise be called a demonstration of inter-operability? The rascals' hidden cunning plot is to raid our Republic at a single stroke in case of emergency through the aerial and coastal joint exercises.

[No] Yes. Furthermore, what cannot be overlooked is why the Kim Yong-sam puppet clique, along with foreign forces, are conducting the joint military exercise for a month until early August. This year is the 50th anniversary of the fatherland liberation and the division of the nation. The entire nation marked this year as the first year of the reunification era. All fellow countrymen in the North, the South, and overseas have risen in unison to the reunification movement, with one will to successfully hold the grand festival of national reunification in August. Taking this as a thorn in the flesh, the Kim Yong-sam ring is attempting to place a barricade in the nation's way toward reunification by holding the war exercise until August. Facts plainly show that, not caring for the nation's destiny, the South Korean ruling camp is blinded by its own joy and power, and conducting provocative war exercises of northward aggression to block the future of peace and reunification, running wild to draw dark clouds of war on the nation. They are a group of national traitors, peace disturbers, and the enemy of reunification.

[Ko] Those who enjoy playing with fire are bound to be burned to death. The South Korean war maniacs should be aware that the road toward a war against compatriots is the road toward self-destruction and should stop acting recklessly. They should immediately stop the war

exercise commotion for a northward aggression with foreign forces.

[No] Officers and men of South Korean Armed Forces should act with discretion, clearly understanding that being drawn to the war exercise following the frenzied fire game commotion of the South Korean bellicose elements is a crime against the country and the nation. This concludes today's talk.

ROK Researcher Praises Kim Chong-il Politics

*SK130/213395 Pyongyang KCNA in English
1510 GMT 13 Jul 95*

["Giant of Independent Politics, Defender of Nation; Article by Reunification Researcher of S. Korea" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 13 (KCNA) — Kim Yong-chun, a reunification question researcher of South Korea, published an article titled "Giant of Independent Politics, Defender of Nation" highly praising the independent politics of the dear leader Comrade Kim Chong-il, Seoul-based radio Voice of National Salvation said.

The article consists of sub-titles "I Have Been to Pyongyang," "Conning Tower of Independence," "Giant Who Brings Light to the Darkness" and "Sun of Nation."

The author, in "I Have Been to Pyongyang," introduced a letter from one of his Korean friends in the United States, saying:

All those who visited the northern half of Korea, whether they were Koreans or Americans, are unanimous in saying that the northern half of Korea is different from what is said in the Western world and South Korea and that it is stable and its people are united as one.

One of my friends who stayed in the northern half of Korea for a week or more said confidently, like other visitors, that what impressed him most there was independence prevailing in the society, independent politics of the leader Kim Chong-il and herein lies inexhaustible potentials of the society which is stable and united.

In "Conning Tower of Independence" the author said:

North Korea is the one and only country which is dynamically advancing on the track of independence, not yielding to the pressure from imperialist allied forces in the wake of the end of Cold War. It is standing as "independent strong country" on the present-day globe. The world is looking up to the leader Kim Chong-il,

who is leading such a country, as a giant of independent politics.

It is the banner of independence that he is invariably holding high under complicated international political circumstances. Independent politics—always defending the sovereignty of the nation in any adversity, safeguarding the interest of its own people and relying on their strength—is a political philosophy of the leader Kim Chong-il, a great principle of national life and a mode of national existence.

To punish the enemies who try to infringe upon the dignity and sovereignty of the nation is the will of the leader Kim Chong-il; it is his declaration that they should not be allowed to trample underfoot a single plant and a tree of the country.

The North has become a "power of independent politics" highly praised by the world people and the leader Kim Chong-il is a giant of independent politics, a conning tower of independence.

In "Giant Who Brings Light to the Darkness" and "Sun of Nation" the author said:

The leader Kim Chong-il has always regarded independence as a top priority of the nation and made it prevail in the society as a whole.

The great achievements and strong potentials of the people in the North under his wise guidance are a stark reality which no A-bomb and force on earth can break and do away with.

Neither foreign interference nor foreign style do work on the North where the Korean nation-best spirit is fully displayed under the banner of independence held high by the leader Kim Chong-il.

The North is a crystal of great independence in the true sense of the word, an impregnable bulwark of independence and headquarters of independent politics in the present era.

Indeed, the leader Kim Chong-il, who has built and defended such a brilliant country, is the great sun of our nation.

Our nation should be guided by such a giant of independent politics as General Kim Chong-il who is endowed with the spirit of the Korean nation, heart and grit befitting a hero and spirit of annihilating the enemies. Herein lies a way out for the nation, the guarantee for national reunification and national restoration.

Pro-North Literature Scattered in South

SK1407112195 *Pyongyang KCNA in English*
1022 GMT 14 Jul 95

[FBIS Transcribed Text] Pyongyang, July 14 (KCNA) — A number of copies of literature with a heading "Let Us Accelerate National Reunification in Hearty Response to President Kim Il-song's Behests on Reunification" were scattered in Kwangju, South Korea, at the dawn of July 1 on the occasion of the first death anniversary of the great leader President Kim Il-song, said Seoul-based radio Voice of National Salvation quoting an information of the South Cholla Provincial Committee of the National Democratic Front of South Korea (NDFSK).

The literature says President Kim Il-song was a great lodestar of national reunification who died at his post of duty, while making unremitting efforts for the reunification of the divided nation to the last moment of his life.

It says that to found the Democratic Confederal Republic of Koryo with the great unity of the nation in the 1990s is the patriotic behests of President Kim Il-song on reunification. It calls for accelerating national reunification in hearty response to President Kim Il-song's behests on reunification under the guidance of general Kim Chong-il.

Mun Ik-hwan's Widow Continues Visit

Meets Former Prisoner's Kin

SK1407131095 *Pyongyang KCNA in English*
1042 GMT 14 Jul 95

[FBIS Transcribed Text] Pyongyang, July 14 (KCNA) — Presbyterian Pak Yong-kil, widow of Rev. Mun Ik-hwan, chairperson of the 70 million Korean People's Meeting for Embracing National Unification and co-chairperson of the Family Movement for Realising Democracy in South Korea, Thursday met the family of Kim In-so, an unconverted long-term prisoner in South Korea, in the guest house here.

Present there was Chong Kyong-mo, a Korean resident in Japan.

Members of his family said that when they phoned their father kept in South Korea, in Beijing and Tokyo in April and June, he asked them to convey his deep thanks to the great leader general Kim Chong-il for all measures he took for the repatriation of the unconverted long-term prisoners.

Expressing thanks to Pak Yong-kil for the positive activities of the Family Movement for Realising Democracy

and Christian human rights organizations for repatriation of the unconverted long-term prisoners, they asked her to let the unconverted long-term prisoners, who are suffering from illness and hard toil, to know of their earnest hope for their immediate repatriation.

Saying that their father has a legitimate right to come back to the North of Korea, they hoped that he would be embraced by general Kim Chong-il at an early date and receive his 70th birthday table.

Plants Tree at Kumsusan Palace

*SK1407112095 Pyongyang KCNA in English
1018 GMT 14 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 14 (KCNA) — Presbyter Pak Yong-kil, chairperson of the 70 million Korean people's meeting for embracing national unification and co-chairperson of the family movement for realising democracy in South Korea, Thursday planted a tree at "Kumsusan Memorial Palace," the supreme holy land of chuche where the great leader President Kim Il-sung, the sun of the nation, is preserved in state.

Present on the occasion was Japan-resident Korean Chong Kyong-mo.

The widow of Rev. Mun Ik-hwan prayed for the immortality of President Kim Il-sung in reverence and planted Sabina Chinensis in the garden of the palace.

Also Thursday she visited the West Sea barrage.

After the inspection, she made an entry in a visitor's book.

She saw an acrobatic show at the Pyongyang circus theatre on the same day.

Friendship Association With Angola Inaugurated

*SK1407111395 Pyongyang KCNA in English
1007 GMT 14 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 14 (KCNA) — Angola-Korea Friendship Association was inaugurated in Luanda on July 5 on the threshold of the first death anniversary of the great leader President Kim Il-sung.

Those present laid floral baskets, bouquets, flowers under a portrait of President Kim Il-sung and made a bow in reverence in advance of an inaugural meeting.

The inauguration of the association was made public and Lazaro Dias, first vice-president of the Angolan People's Assembly, was elected chairman of the association and Paulo Jorge, secretary for foreign relations of the Popular Liberation Movement of Angola and governor of Benguela Province, honorary chairman.

The chairman of the association, addressing the meeting, said that on the occasion of the first death anniversary of the great leader Comrade Kim Il-sung the association was formed for the purpose of valuing and further consolidating and developing the friendly relations between Angola and the DPRK established by him in his lifetime.

The meeting adopted a letter to the great leader Comrade Kim Chong-il.

Kim Chong-il's Work on Individualism Cited

*SK1407131395 Pyongyang KCNA in English
1049 GMT 14 Jul 95*

["Private Ownership Causes Individualism" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 14 (KCNA) — The great leader Comrade Kim Chong-il, in his famous work "Giving Priority to Ideological Work Is Essential for Accomplishing Socialism," clarified in a scientific way that private ownership inevitably gives birth to individualism, says NODONG SINMUN in a by-lined article today.

Recalling that the imperialists and reactionaries are lavishing praises on individualism, while claiming that it is an intrinsic nature of man, the paper says:

This is a crafty trick to veil the contradictions of the capitalist society and preach the "superiority" of the capitalist society based on individualism.

Individualism is not an intrinsic nature of man but an offspring of private ownership.

Private ownership inevitably gives birth to individualism because its ideological foundation is individualism.

Individualism is a reactionary ideology which puts things individual and selfish above things social and collective and subordinates the interests of the society and collective to those of individuals.

The situation of those countries where socialism has collapsed suffices to show that private ownership inevitably invites individualism.

In those countries where capitalism has been revived, great state benefits were granted to factories, cooperative farms, educational, scientific and cultural establishments and all other fields in the past. Since private ownership appeared, however, such benefits have gone never to return.

With it being impossible to enjoy state benefits, it has become a trend of the society to live on by making money.

The fate of people is decided by wealth and money in the like society where the stronger preys upon the weaker. So, it is a commonplace in such a society that they feather their nest at the cost of the interests of the society and the collective, the country and the nation, with no sense of obligation for their parents, relatives and friends.

Individualism is contrary to the intrinsic requirement of man, a social being. Therefore, the capitalist society based on individualism is an anti-popular society where the independence of man is ruthlessly trampled down, a society which is destined to doom.

With any flattery, can the imperialists and reactionaries never camouflage the reactionary nature of private ownership and individualism. [sentence as received]

More Reportage on Kim Il-song Death Anniversary

Messages Sent From Abroad

SK1407043595 *Pyongyang KCNA in English*
0431 GMT 14 Jul 95

[FBIS Transcribed Text] Pyongyang, July 14 (KCNA) — The great leader Comrade Kim Chong-il received messages from foreign party leaders on the occasion of the first death anniversary of the great leader President Kim Il-song.

The messages came from General Secretary Do Muoi of the Central Committee of the Communist Party of Vietnam, Chairman Narayan Man Bijukchhe of the Central Committee of the Nepal Worker-Peasant Party, General Secretary Eric Trevett of the Central Committee of the new Communist Party of Great Britain, General Secretary Guzman Rivera Castaneda of the Socialist Revolutionary Party of Peru, President Marian Donnelly and General Secretary Pat Quearney of the Workers' Party of Ireland, Chairman Joao Amazonas of the Central Committee of the Brazilian Communist Party, General Secretary Patricio Echegaray of the Central Committee of the Communist Party of Argentina, and General Secretary Gladys Marin of the Central Committee of the Communist Party of Chile [spelling of names as received].

The messages expressed deepest condolences and respect to Comrade Kim Chong-il over the first death anniversary of President Kim Il-song.

They said though the great leader Comrade Kim Il-song passed away, he will be immortal in the hearts of humankind for his great feats for the times and history.

They expressed the conviction that under the wise guidance of Comrade Kim Chong-il the Korean people

will achieve success in their efforts for socialism and the independent and peaceful reunification of the country.

Comrade Kim Chong-il received a message also from Tomiichi Murayama, chairman of the Japan Social-Democratic Party, on July 8.

In the message he expressed his willingness to make strenuous efforts for the development of friendly relations between the two parties and two peoples and for an early normalisation of diplomatic relations between Japan and Korea as well as peace and security in the Korean peninsula and the rest of Asia.

A message came to Comrade Kim Chong-il from former U.S. President Jimmy Carter, too.

Foreign Party Heads Pay Respects

SK1407045395 *Pyongyang KCNA in English*
0435 GMT 14 Jul 95

[Spelling of all names as received]

[FBIS Transcribed Text] Pyongyang, July 14 (KCNA) — On the occasion of the first death anniversary of the great leader President Kim Il-song General Secretary Indrajit Gupta of the National Council of the Communist Party of India, General Secretary H.S. Surjeet of the Central Committee of the Communist Party of India (Marxist), President Francisco Disachi of the Socialist Communist Party of Angola and members of its leadership, General Secretary Branko Kitanovic of the New Yugoslav Communist Movement and members of its leadership laid floral baskets under the portraits of President Kim Il-song at the halls where memorial services were held by their parties and made bows to him in reverence.

President Da Huku Pere of the National Assembly of Togo, accompanied by parliamentarians, visited the Korean Embassy in his country and laid a floral basket under a portrait of President Kim Il-song and paid tribute to him.

On President Kim Il-song's first death anniversary floral baskets from the government of Pakistan and the Central Committee of the Socialist People's Party of Mexico were laid under his portraits at the Korean Embassies and floral baskets from the Party of National Unity of Jordan and National Chairman Rafael Aguilar of the Central Committee of the Lazaro Cardenas Front Party for National Reconstruction of Mexico came to the Korean Embassies in these countries.

Ukraine Presents Memorial Flag*SK1407044395 Pyongyang KCNA in English
0420 GMT 14 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 14 (KCNA) — The Ukrainian memorial flag was conveyed to the Korean ambassador to Ukraine by First Vice Foreign Minister Boris Ivanovich Tarashuk in the name of the president, the chairman of the Supreme Soviet and the prime minister on July 7 on the occasion of the first death anniversary of the great leader Comrade Kim Il-song.

Embroidered with gold threads in the flag were words "We express deep condolences on behalf of the Ukrainian people on the first death anniversary of his excellency Kim Il-song, an outstanding statesman of the Democratic People's Republic of Korea. Ukrainian President Leonid Danilovich Kuchma, chairman of the Supreme Soviet Aleksandr Aleksandrovich Moroz and Prime Minister Yevgeny Kirilovich Marchuk."

The first vice foreign minister said he delivered the flag representing the Ukrainian people's feelings of deep reverence and condolences for Comrade Kim Il-song, the leader of the Korean people and an outstanding statesman, on the first anniversary of his death upon the authorization by the president, the chairman of the Supreme Soviet and the prime minister of Ukraine.

He hoped that the flag would be kept in Kumsusan Memorial Palace where Comrade Kim Il-song, the leader of the Korean people, is preserved in state, as a symbol of the Ukrainian people's deep reverence, condolences and friendship.

Overseas Memorial Services Held*SK1407112295 Pyongyang KCNA in English
1029 GMT 14 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 14 (KCNA) — Memorial services to commemorate the first death anniversary of the great leader President Kim Il-song took place under the sponsorship of the Pakistan-Korea Friendship Association, the Karachi branch of the association, the great leader Comrade Kim Il-song National Memorial Commission, Nepal, the Yugoslavia-Korea Friendship Association and the National Committee of the Socialist (Communist) Party of Romania.

Attending the memorial services were Madhav Kumar Nepal, general secretary of the Nepal Communist Party (United Marxism-Leninism) Central Committee, deputy prime minister and concurrently minister of foreign affairs and minister of defence; Florian Petrescu, chairman of the National Committee of the Socialist (Communist)

party of Romania; Ajmal Khattak, chairman of the Pakistan National People's Party; and others.

The participants observed a moment's silence in memory of President Kim Il-song.

Speeches were made at the memorial services.

The general secretary of the Nepal Communist Party (United Marxism-Leninism) Central Committee in a speech said the noble traits and disposition of the great Comrade Kim Il-song as the people's leader are a model for leaders of all countries to follow.

The chairman of the Pakistan National People's Party in a speech said the great His Excellency President Kim Il-song was a hero not only of Korea but also Asia and furthermore the world.

On the fourth of July a similar function was held in the conference room of the the People's Front of Workers, Peasants and Students of Peru.

Those present paid a silent tribute to the memory of President Kim Il-song.

Chairman of the front Genaro Ledesma Izquieta in a speech said Comrade Kim Il-song was an outstanding thinker and theoretician and a great leader, adding that led by the great leader Comrade Kim Chong-il, Kim Il-song Korea, socialist Korea, will shine for good and all.

On the occasion of President Kim Il-song's first death anniversary memorial services were held at the national executive committee of the Institutional Revolutionary Party of Mexico, the Malta-Korea Friendship Association, a motorized unit of the National Resistance Army of Uganda, the Moscow Youth Society for the Study of the Chuche Idea, the Zimbabwean paper PEOPLE'S VOICE office and in Fredrikstad of Norway, Lome of Togo and Kinshasa of Zaire.

Messages Sent to WPK*SK1407111995 Pyongyang KCNA in English
1016 GMT 14 Jul 95*

[All names as received]

[FBIS Transcribed Text] Pyongyang, July 14 (KCNA) — On the occasion of the first death anniversary of the great leader President Kim Il-song messages came to the Central Committee of the Workers' Party of Korea [WPK] from foreign party leaders.

General Secretary Miroslav Stepan of the Czechoslovak Communist Party Central Committee said Comrade Kim Il-song devoted his whole life to his country, socialist construction and peaceful reunification of Korea. He

was a prominent activist of the world communist movement and working-class movement, he added.

Yohei Kono, president of the Japan Liberal Democratic Party, paid his respects to the Korean people who have made wonderful progress true to the behests of President Kim Il-song, rallied close around His Excellency Kim Chong-il and the Workers' Party of Korea.

Masayoshi Takemura, representative of the Japan New Party Sakigake, prayed again for the repose of the soul of His Excellency President Kim Il-song and expressed the hope that friendly relations between Japan and Korea would be promoted still further and normalisation of diplomatic ties between the two countries be realised at an early date, and that a lasting peace in the Korean peninsula would be built and national reunification be achieved.

A message from the Central Committee of the Workers Communist Party of Norway said Comrade Kim Il-song made a great contribution to international cause of defending socialism against the imperialists and reactionary forces of the present times.

Koreans, Foreigners Visit Kumsusan Every Day

*SK1407131295 Pyongyang KCNA in English
1038 GMT 14 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 14 (KCNA) — Koreans and foreigners visit every day "Kumsusan Memorial Palace," the supreme holy house of chuche where the great leader President Kim Il-song is preserved in state. They pay the highest tribute to him, the greatest ever on this planet.

The great leader Comrade Kim Chong-il on July 8 cut a red tape and solemnly proclaimed the opening of "Kumsusan Memorial Palace" at home and abroad.

The palace has been built on the occasion of the first anniversary of the death of President Kim Il-song, according to a decision of the Workers' Party of Korea Central Committee and Central Military Commission, the DPRK National Defence Commission, Central People's Committee and Administration Council on preserving him in state.

The palace is the noblest, magnificent and perfect in form, content and scale.

In the world there are tombs and memorial halls built to praise and convey down to posterity historic exploits of great men and state leaders.

However, there is no such grand memorial palace as "Kumsusan Memorial Palace," which the state leader used as his office and conducted political activities for

a long time; in which his body is preserved in state after his death; and which is consecrated as a holy land.

Since the opening of the palace, it has been visited by a large number of party, government, administrative and economic officials, People's Army soldiers, public security men, officials of commissions and ministries of the Administration Council, officials of national organs, working people in the capital city, overseas Koreans, foreign diplomatic envoys and embassy officials in Pyongyang and other foreigners.

A delegation of the National Socialist Party of Bangladesh led by General Secretary Hasanul Huq Inu visited the palace as the first official foreign delegation and paid homage to President Kim Il-song.

The delegation had the honour of being received by President Kim Il-song for two hours and thirty minutes on June 25 last year.

Floral baskets have come to the palace from the Central Committee of the Communist Party of China, the Central Committee of the Communist Party of Nepal (United Marxism- Leninism), the National Democratic Party of Egypt, and party, state and government leaders and parties of Iran, Algeria, Palestine, Nigeria, Guinea, Pakistan and other countries.

All those who see President Kim Il-song preserved in state wish him eternal life free from all worries, though he worked for the happiness of the people without a rest till the end of his life.

Number of Visitors Increasing

*SK1407043795 Pyongyang KCNA in English
0425 GMT 14 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 14 (KCNA) — An increasing number of people are visiting "Kumsusan Memorial Palace" in which the great leader President Kim Il-song is preserved in state.

On July 12 and 13, the palace was visited by men of Armed Forces organs, soldiers of People's Army units, officials of the Ministry of Public Security, commissions and ministries under the Administration Council and central organs including the National Academy of Sciences, the Agricultural Commission, the Light Industry Commission, the State External Economic Affairs Commission, the Ministries of Electric Power Industry and Machine-Building Industry, the Education Commission, the Central Committee of the League of Socialist Working Youth of Korea as well as working people in the city.

Amid the playing of the immortal revolutionary hymn "Song of General Kim Il-song", they paid high tribute to President Kim Il-song before his statue.

Then, they entered into the hall in which President Kim Il-song is preserved in state and made a bow to him whom they ardently longed to see.

Working people from all walks of life made an entry in the visitor's book.

An Nae-chun, chief engineer of the Kim Chong-tae General Electric Locomotive Works, wrote:

The working class of our works, bearing deep in their hearts the teachings of President Kim Il-song, would hold the great leader General Kim Chong-il in high esteem forever and hold higher the red flag of the revolution on the road of realising the electrification of railways across the country.

People's actor Choe Chang-su said that they would successfully accomplish the revolutionary cause of chuche by holding the tender-hearted father President Kim Il-song in higher esteem than ever and remain loyal to the guidance of respected General Kim Chong-il.

Koreans in Japan Visit

*SK1407050295 Pyongyang KCNA in English
0438 GMT 14 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 14 (KCNA) — The home visiting group of the students of Korean University of the General Association of Korean Residents in Japan and other Koreans from Japan and guests from China, Japan, Belgium and other countries on Thursday [13 July] visited Kumsusan Memorial Palace where the great leader President Kim Il-song is preserved in state, to pay homage to him.

They paid tribute to the great leader before his statue and entered the hall where he is preserved in state as he was in his lifetime and made a bow to him, praying for his eternal life.

Members of the home visiting group of the students of Korean University wrote in the visitor's book that the great leader Generalissimo Kim Il-song is precisely respected General Kim Chong-il and that they will prepare themselves to be a new proud generation that remains loyal to the great general, entrusting their all entirely to him and sharing the same destiny with their country, their motherland.

South Korea

KEDO Schedules First General Meeting

*SK1307233595 Seoul KBS-1 Radio Network
in Korean 2210 GMT 13 Jul 95*

[FBIS Translated Text] On 13 July, Bosworth, the chairman of the U.S.-Japan Fund who has tentatively been appointed secretary-general of the Korean Peninsula Energy Development Organization (KEDO), stated that the first general meeting of KEDO will be held in New York on 31 July. After holding talks with Endo, Japanese ambassador [title as heard] in charge of KEDO, Chairman Bosworth laid out the itinerary of the general meeting in New York. He said he will begin negotiating with North Korea as soon as possible on signing a contract for supplying light-water reactors.

Chairman Bosworth has recently visited the ROK and Japan, and is now coordinating the opinions of the ROK, the United States, and Japan on the forthcoming negotiations with North Korea on the reactor supply contract, based on the Kuala Lumpur agreement.

During the meeting with Ambassador Endo, Chairman Bosworth said he will visit North Korea to inspect the light-water reactor construction site as soon after the first KEDO general meeting as possible.

Over 30 Countries To Attend

*SK1407070595 Seoul YONHAP in English
0700 GMT 14 Jul 95*

[FBIS Transcribed Text] Seoul, July 14 (YONHAP) — The Korean Peninsula Energy Development Organization (KEDO) will hold a general assembly in New York July 31 to review the outcome of last month's Pyongyang-Washington nuclear talks in Malaysia and to discuss ways to proceed with projects for the provision of two light-water reactors to North Korea, according to a spokesman for the Office of Planning for the Light-Water Reactor Project Friday [14 July].

Over 30 member countries will take part in the general assembly. Among them will be South Korea, the United States, Japan, Canada, New Zealand, Australia, Finland, England and member countries of the Association of Southeast Asian Nations (ASEAN) and the European Union (EU), the spokesman said.

During the two-day meeting, KEDO members will form three advisory committees to discuss alternative energy to be provided to the North until the reactors and the nuclear plants are completed and the spent nuclear fuel is treated, he said.

Choe Tong-chin, secretary-general of the Office of Planning for the Light-Water Reactor Project, and his

American and Japanese counterparts Robert Gallucci and Tetsuya Endo will hold a meeting of KEDO's Executive Board just before the opening of the general assembly to approve Stephen Bosworth as the executive director of KEDO's secretariat and the formation of the secretariat of the international consortium that is responsible for providing the nuclear power plants to North Korea, the spokesman said.

The board meeting will also deal with issues involved in the dispatch of a survey team looking for a suitable site to construct the reactors and the formation of a negotiating team for the conclusion of a contract with the North finalizing the provision of the two light-water reactors.

USFK Commander Gives Clinton 'Upbeat' Report

SK1407094895 Seoul YONHAP in English
0746 GMT 14 Jul 95

[FBIS Transcribed Text] Washington, July 14 (YONHAP) — Gen. Gary Luck, commander of the United States Forces Korea (USFK), delivered Thursday an "upbeat" report to President Bill Clinton concerning the security situation on the Korean peninsula, U.S. Defense Department spokesman Kenneth Bacon said.

Gen. Luck gave the report in a meeting of major commanders-in-chief of the U.S. Armed Forces at the White House, Bacon said.

"There were very upbeat reports from Gen. Sheehan about Haiti and from Gen. Luck about Korea," Bacon said, adding, "in the past Korea's almost always a crisis area and Gen. Luck is head of the lengthy discussion, but this time things are going well enough that it was a relatively brief discussion about Korea."

U.S. Group To Visit Pyongyang 'Next Week'

SK1407062495 Seoul YONHAP in English
0622 GMT 14 Jul 95

[FBIS Transcribed Text] Washington, July 13 (YONHAP) — A group of well-known figures in the United States, including Peter C. Goldmark Jr., president of the Rockefeller Foundation, will visit Pyongyang next week, sources here said Thursday.

An official at the foundation said that Goldmark will visit Pyongyang on July 19 as part of a group of leading American figures invited by North Korean authorities. He added that Goldmark is only a member of the delegation and not the leader.

The official, however, did not elaborate on other members of the group or the purpose of their visit, saying that he does not know any details about the trip.

Another source said that the group's visit may somehow be related to former U.S. President Jimmy Carter, who recently said he is willing to help solve North Korea-related problems.

An official at a security-related organization here said that the delegation will be comprised of 10-12 U.S. figures and that they will discuss ways to promote cultural exchanges and manpower training between the two nations.

He said that the delegation, after arriving in North Korea via Beijing, will stay at a guest house in Pyongyang.

Delegation Ready for N-S Rice Talks in Beijing

SK1407011995 Seoul YONHAP in English
0112 GMT 14 Jul 95

[FBIS Transcribed Text] Seoul, July 14 (YONHAP) — A seven-member delegation to the second round of inter-Korean government-level talks, opening in Beijing Saturday, is leaving for the Chinese capital Friday.

Vice Finance and Economy Minister Yi Sok-chae is leading the delegation as he did the first-round meeting in the Chinese capital last month.

Yi's North Korean counterpart is Chon Kum-chol, advisor of the international economic cooperation promotion committee, who also headed the North Korean delegation to the first-round meeting.

National Unification Board Spokesman Kim Kyong-ung said the second-round meeting would discuss promoting inter-Korean economic cooperation, including the South's on-going rice aid to the North.

Continuing the inter-Korean government-level talks is expected to significantly improve inter-Korean relations, but the government, in view of the special characteristics surrounding its relationship with North Korea, will strive to settle the pending issues with the North one by one and with patience, rather than rushing into package settlements of all the problems, he said.

In the second-round meeting in Beijing, however, South Korea will focus on reactivating the joint south-north economic cooperation committee which has been idle since early 1993 when the north's nuclear issue emerged, while demanding that the North return the fishing boat, Woosung, and its crew captured by the North Korean navy in May and arrange for family members separated between South and North Korea to visit each other, an official said.

Official Outlines Talks

*SK1307230895 Seoul KBS-1 Radio Network
in Korean 2208 GMT 13 Jul 95*

[FBIS Translated Text] South and North Korea will hold the second round of rice talks in Beijing beginning 15 July to discuss providing additional rice support to North Korea.

A high-level government official stated that, at the second round of South-North rice talks, our side will demand that, following the shipment of 150,000 tonnes, the additional rice deliveries sent to North Korea bear a brand indicating the place of origin. Both sides agreed on additional rice supplies at the first round of talks.

According to this official, as a condition for the rice aid, the government will also demand that North Korea stop denouncing the South over the airwaves and repatriate the seamen of the ROK vessel Usong 86, which North Korea captured in May.

The government's policy is that it will broaden the character of the second and future rounds of rice talks from simple working-level talks on the rice issue to economic talks between South and North Korean authorities. At the same time, the government will also sound out North Korea on holding the third and later rounds of talks in Panmunjom.

Focus on Keeping Channels Open

*SK1407113195 Seoul CHOSON ILBO in Korean
14 Jul 95 p 5*

[Article by Ku Song-che: "Attention Is Focused on Maintaining Channels Between North and South Korean Authorities, Rather Than Achieving Visible Success"]

[FBIS Translated Text] The position of the government—which faces the second round of "rice" negotiations between North and South Korean authorities in Beijing on 15 July—is to maintain "channels between authorities." From the viewpoint of different positions between North and South Korea, it is not likely that visible success will be made during the second round of the rice talks.

A government official stated: "The upcoming second round of talks is likely to be unsuccessful, but it is possible that the talks will end by agreeing that the two sides will hold a third round of talks."

Of course, it is true that the government has prepared various points of the agenda for the upcoming talks. These include the issue of supplying additional grain; humanitarian issues, such as the repatriation of the kidnapped Usong and separated family issue; North-

South economic cooperation; and positive North-South dialogue.

A government source stated that delegates to the talks had formulated various "negotiating scenarios," assuming possible North Korean reaction to those above-mentioned issues.

It is not clear, however, if North Korea would take positive attitude toward the issues. First of all, it is highly possible that figures from an organization under the External Economic Committee will participate in the talks as North Korean delegates.

This is because North Korea has carried out a policy of separating politics from economics in its policy toward the South. It has been pointed out that the negotiating agenda will be limited to economic issues. An expert well versed in North-South dialogue stated that "the North Korean delegate, who is a vice minister-level official, could not agree with an agenda that is beyond the scope of his post."

In case of the economic issue, negotiating conditions between the South and North are not favorable. The government's policy in this field is to attempt to make the Joint Economic Committee operational in conformity with the North-South agreed framework.

This policy may be effective in appeasing North Korea, which covets South Korean economic power. However, North Korea has taken the position that it will avoid, if possible, the channels between the authorities, which runs counter to our policy.

The issue of additional grain supplies is not easy, either. The supply of rice imported from a foreign country will not be supported by the domestic press, while South Korea does not have enough rice to provide to North Korea.

The negotiating method for the second talks cannot be regarded as surely being beneficial for delegates from North and South Korea. Having been criticized by the press over the first secretly held talks, the government is reportedly prudently reviewing plans for disclosing to some extent the contents of the upcoming talks.

A relevant National Unification Board official stated that it is possible to reveal the contents of the talks, as well as to disclose the personal profile of delegates in the future. If this happens, it is highly possible that North Korea will use the venue of the talks for its propaganda, while South Korea will attach more importance to justifying the talks rather than noting the practical achievements. Thereby, the positions of the two sides in participating in the talks will be awkward. Also, the fact that Japanese rice will soon be sent to North Korea will become a

factor in stiffening North Korea's attitude toward South Korea.

It has been learned, however, that Kim Chong-il's official succession after Kim Il-song is imminent in North Korea, on the occasion of the first anniversary of Kim Il-song's death. It is expected that this will make North Korea assume an unusually flexible attitude.

'Transparency' in Talks Urged

SK1407093395 Seoul CHUNGANG ILBO in Korean
14 Jul 95 p 5

[Editorial: "The Conditions for the Second Round of Rice Talks"]

[FBIS Translated Text] On 15 July the second round of North-South rice talks will be held in secret in Beijing, just as the first round was held. Other than the fact that the issues to be discussed concern supplying rice to North Korea, nothing has been made public about where the talks will be held, how the delegates from the two sides will meet, or who will represent the North Korean side.

The only thing that is known is that at the talks our government is likely to discuss other pending issues between the North and the South, in addition to the rice issue. In other words, it is likely that the government will ask the North side to show a sincere attitude in discussing the issue of returning the crew of our abducted fishing boat, the Usong, and the issue of expanding North-South contacts.

Although our government stressed that its supply of rice to North Korea was based on compatriotic love and is conditional, frankly speaking, we have looked forward to regarding it as an occasion for opening a channel of dialogue between the North and the South and for providing a firm foundation for mutual trust between the South and the North.

When our government decided to supply 150,000 tonnes of rice to North Korea, accepting almost all the North Korean demands, we, in fact, wanted the North to appreciate us even secretly.

However, we felt disappointed, betrayed, and indignant when our ship carrying the rice was forced to raise the North Korean flag at Chongjin Port. It was a clear act of breaking the promise—albeit a verbal one—that the ship should raise neither side's flag.

Of course, there was a mistake on our side, too. Our side also neglected to give the ship advance notice of such a promise, and the North Korean side apologized for this by vowing not to repeat such a mistake. Such being the situation, this incident is now under control.

However, it is true that the course of these developments gave our people the impression that North Korea, the side receiving the rice, assumed a rather high-handed attitude while South Korea, the side giving the rice, was anxious to supply the rice to North Korea.

This was caused by our side's careless and thoughtless attitude, resulting from our government's aim to make the rice talks "ones between authorities."

The fact that an important procedural matter was agreed upon verbally revealed our government's easy-going attitude in the negotiations with North Korea.

Therefore, in the future, our government should clearly make public the contents agreed upon in the rice talks with North Korea and should guarantee their transparency to eliminate the people's possible suspicion. At the same time, our side should strongly ask North Korea to show sincerity by returning the crew of our fishing boat, the Usong. Only when such basic sincerity is confirmed can the second round of rice talks become an opportunity for North-South dialogue and North-South exchange, including rice aid.

Seoul To Raise Separated Family Issue at UN

SK1307122995 Seoul YONHAP in English
1210 GMT 13 Jul 95

[FBIS Transcribed Text] Seoul, July 13 (YONHAP) — The South Korean Government plans to raise the issue of dispersed families at the United Nations General Assembly opening coming October.

Testifying at the National Assembly Unification and Foreign Affairs Committee Thursday afternoon, Foreign Minister Kong No-myong said, "Through speeches at the General Assembly, we plan to emphasize the need of the early resolution of human rights issues in North Korea including the dispersed family question."

Kong said that in June through September last year 53 dispersed families in the South individually asked the UN Human Rights Committee to help determine the fate of their missing family members in the North.

"The UN committee referred the appeals to North Korea, asking for the North's response," the minister said.

Reacting on the inquiries from the South Koreans, North Korea had 49 separated families in their area file similar appeals with the UN Human Rights Committee in a period from September last year to last February.

Saying his government is willing to arrange through the UN committee reunion between the North Korean inquirers and their missing relatives in the South, Kong said he hopes North Korea would do the same.

Japan Mentions Normalizing Ties With North*SK1407061295 Seoul TONG-A ILBO in Korean
14 Jul 95 p 2*

[NAEWOE News Agency from Seoul]

[FBIS Translated Text] On 13 July, Pyongyang Radio reported that Japanese Prime Minister Tomiichi Murayama sent a message to Kim Chong-il on the first anniversary of Kim Il-song's death.

In the message, sent in the name of the Social Democratic Party of Japan [SDPJ], Prime Minister Murayama expressed condolences on the occasion of Kim Il-song's death anniversary and said he will make efforts to develop friendly relations between the Workers Party of Korea [WPK] and the SDPJ as well as between North Korea and Japan, and for the early normalization of North Korea-Japan diplomatic relations.

Prime Minister Murayama wrote "His Excellency Kim Chong-il of the WPK Central Committee" as the addressee of the message.

Investment Agreement Signed With Tajikistan*SK1407094695 Seoul YONHAP in English
0716 GMT 14 Jul 95*

[FBIS Transcribed Text] Seoul, July 14 (YONHAP) — South Korea and Tajikistan Friday signed an agreement on the promotion and protection of investments to enhance economic cooperation between the two countries, according to a Foreign Ministry spokesman Friday.

The agreement, signed between the South Korean Ambassador to Tajikistan So Kun-i and Foreign Minister Talbak Nazarov of Tajikistan in Dushanbe, will guarantee the other most favored nation trading status.

The agreement also stipulates that businessmen operating in the other country be allowed to remit profits from their businesses while guaranteeing that businessmen in either country can appeal to the international center for settlement of investment disputes to settle any business disagreements.

DLP Lawmakers Criticize Policy on North*SK1407014595 Seoul THE KOREA TIMES in English
14 Jul 95 p 2*

[By staff reporter Pak Sung-yong]

[FBIS Transcribed Text] A conservative lawmaker of the ruling Democratic Liberal Party yesterday criticized the government for being uncertain about the direction of its policy on North Korea.

At a meeting of the National Assembly Standing Committee on National Reunification and Foreign Affairs,

Rep. Yi Man-sop also accused the government of impatience in its desire to realize a South-North summit.

"In the joint communique announced by Washington and Pyongyang in Kuala Lumpur, I cannot find any clause guaranteeing that the type of nuclear reactor to be provided to the North will be South Korean one decided by the Korean Peninsula Energy Development Organization [KEDO].

"Under these circumstances, does the government still think that it is guaranteed that the reactors that North Korea will get will be Korean-made ones and that it will play a leading role in KEDO," Yi asked.

He said he has received the impression that though the government was not satisfied with the results of the Kuala Lumpur talks, it reluctantly accepted them after receiving a letter from U.S. President Bill Clinton.

Commenting on a meeting between the heads of state of the two Koreas, Yi claimed that because the North asked for the postponement of the agreed meeting between Presidents Kim Yong-sam and Kim Il-song due to the latter's sudden death, now it is Pyong's turn to ask for a summit.

"But lately, especially since the government sent the rice to the North, it seems it has been in too much of a hurry to realize a meeting between President Kim and North Korea's de facto leader Kim Chong-il," he charged.

Citing news reports that the President Kim is likely to propose a summit to Kim Chong-il while visiting the United States late this month, Yi asked why on earth this proposal should be made from Washington and what the meaning of the decision is if the reports are true.

He also asked if there had been any positive change in Pyongyang's attitude toward Seoul since it received the humanitarian rice aid.

Rep. Yi Pu-yong of the main opposition Democratic Party charged President Kim with making overseas trips too often, forgetting the many domestic problems he must deal with.

"Of course, Kim's meeting with Clinton has a special meaning at this moment when the circumstances around the Korean peninsula are so unstable," Yi said.

But, he continued, Kim's frequent visits to foreign countries could cause a vacuum in domestic affairs, pointing out Kim's scheduled visit to the United States again to attend a ceremony marking the 50th anniversary of the foundation of the United Nations this October and to Japan to participate in the APEC summit meeting this November.

Dubbing the Japanese ruling coalition's anti-war resolution a compromise to keep the coalition by the Liberal Democratic Party and Socialist Party together, Yi asked the government position on the resolution.

Quoting British Prime Minister John Major's remarks that though the "world has changed, we should not forget past criminal acts and what we want is not a political gesture but real action," Yi also asked how the government will react to Tokyo's move to become a permanent member of the UN Security Council.

As for the alleged forgery of a Foreign Ministry document on the local autonomy system, Yi asked if the ministry has taken the proper steps prescribed by the relevant laws.

Under the relevant laws, ministries should report leakages of diplomatic documents to the Agency for National Security Planning right after they take place.

Yi also asked why the ministry had hired Choe Sung-chin, the administrative consul in the Korean embassy in New Zealand who the ministry claimed forged the document, though he was not qualified to be employed as a government official because he had been sentenced to a more than one year prison term.

Rep. Yu Hung-su of the DLP, pointing out that the key to resolution of suspicions about the document forgery is to repatriate Choe, asked what action the ministry is taking to get him back home.

"What impact will the normalization of diplomatic ties by the United States and Vietnam have on Korean companies working in the communist country?" Yu also asked.

President To Continue 'Stamping Out Corruption'
SK1407044695 Seoul THE KOREA TIMES in English
14 Jul 95 p 2

[FBIS Transcribed Text] President Kim Yong-sam yesterday vowed to push ahead with reforms "together with the people" to stamp out corruption in officialdom and all sectors of Korean society.

Admitting that there have been some problems in the ways his reform campaign has been executed, Kim said that he will pursue change and reform and carry them out with the full consensus of the general public.

Kim reiterated his unflagging will to push reform in a meeting of the Policy Planning Commission, a presidential advisory body which succeeds the 21st Century Commission, at Chongwadae yesterday morning.

Despite some problems with the methods of his reform campaign, Kim argued, there has been a broad consensus among the people about the need to continue reform.

"Accordingly, the underlying spirit of my reform campaign will not change," Kim said, adding he will do his best to muster the people's positive support for the reform drive.

Kim also called for intellectuals to play a more active role in the reform campaign.

Kim said that his reform campaign will put more emphasis on enhancing the people's welfare and alleviating inconvenience in everyday life at the grass root level.

In an evaluation of Kim's bold reform drive, the presidential commission gave high marks to some reforms, such as the forced retirement of politically-oriented Army generals, prohibition of intelligence agencies' surveillance of politicians and mandatory asset disclosures by public officials.

The commission also approved the sweeping reorganization of government agencies which was conducted last December.

The commission gave poor marks to the government efforts to ease administrative regulations on businesses, saying that the administration should take concrete after-measures and should be bolder in lifting redtape.

The panel also pointed out the administration's welfare reform falls short of meeting the people's expectations because of a lack of budget.

The government has yet to enhance competitiveness and productivity in the public sector and reform management and operations at many government agencies and state-run corporations, the commission said.

The commission also urged the government to exert more efforts to have law and order prevail in everyday life.

Admitting that many people agree to the need for reform, yet are critical of the way it is carried out, the presidential panel called for the government to check constantly how the reforms are executed and to use the feedback as a form of evaluation.

The commission also called for the administration and ruling party to play a more active role in the reform campaign, saying that they often stand on sidelines in the vortex of President Kim's bold reform drive.

The administration has not been active in publicizing the reasons for and effects of the reforms as well as Kim's reform philosophy, and in gathering the people's support for them, the commission said.

The commission, however, warned of the move to interpret the ruling party's humiliating defeat in the last

local elections as an expression of the people's antipathy to President Kim's reform drive.

"There still exists a broad consensus about the need to continue reform. The people still have high expectations of reform. Thus the efforts for change and reform should not be halted," according to the commission report.

The commission, however, stressed the need to amend minute points in the ways the reforms are pushed.

"The reforms should be future-oriented and more practical. They should put more emphasis on enhancing the people's quality of life," according to the commission report.

The commission also briefed President Kim on its future projects for policy planning. The issues to be tackled are inter-Korean relations, local autonomy and regionalism, the commission reported.

The commission said that it will be more active in collecting opinions of intellectuals about various important national issues and reflecting them in its policymaking.

Assembly Debates Alleged Doctoring of Document

SK1307121995 Seoul YONHAP in English
1144 GMT 13 Jul 95

[FBIS Transcribed Text] Seoul, July 13 (YONHAP) — The issue of the alleged doctoring of a classified Foreign Ministry document was the number-one topic at the National Assembly's Foreign Affairs and Unification Committee session Thursday.

Democratic Party [DP] solons and Foreign Minister Kong No-myong in general shared the view that the document at issue might have been doctored by Choe Sung-chin, a sacked administrator of the embassy in New Zealand.

However, Rep. Namkung Chin and some other DP solons were still arguing that there was a problem with the Foreign Ministry's message trans-receiving system.

Namkung who has been to New Zealand to meet Choe said the problem was that overseas embassies could alter the contents of messages as they please. He then elaborated on technical aspects of the trans-receiving system.

He said the whole controversy was due to the Foreign Ministry's over-reaction, asserting that the Foreign Ministry referred the incident to the prosecution right away without checking with the Democratic Party.

Citing the fact that the Foreign Ministry adopted a resolution against the Democratic Party in the name of Ambassador to Japan Kim Tae-chi, Namkung asked if it is alright for a mere ambassador to make such a state-

ment whereas Article 66 of the law on public officials prohibits any collective action by public officials.

At the end of his remarks, however, Namkung said he did not mean that the Foreign Ministry doctored the paper under all circumstances.

Rep. Yi Chong-chan, DP, said the Foreign Ministry seemed over-reacting. "Did the need exist to make the fuss of sending even a deputy foreign minister to New Zealand?" he asked.

Rep. Yi Hae-ku of the ruling Democratic Liberal Party [DLP] said even if it was the work of Choe Sung-chin himself, the Foreign Ministry should reflect on itself because it was too serious an incident to be a mere personal crime.

Another DLP solon, An Mu-hyok, said it is an issue of whether or not the government doctored a document.

"The Foreign Ministry, therefore, should steadily look into the incident fairly and reveal the truth to the people," he said. "The incident cannot be refracted due to any political pressure by the opposition or ruling party."

In a reply, Foreign Minister Kong said he would see to it that overseas embassies' message-receiving system would be changed so as to minimize the possibility of embassies editing received messages.

He said his ministry would try to enable foreign service officials to harbor a firmer sense of mission, stressing that what is important is the mentality of officials.

Regarding the issue of Choe's return home, Minister Kong said Choe would hardly be able to obtain refugee's status from the New Zealand Government since he would face no political persecution even if he returns home.

"But, I think this matter would take time since New Zealand's judicial system, too, should be respected," Kong said.

Kim Tae-chung To Inaugurate Party 15 Aug

SK1407052695 Seoul YONHAP in English
0518 GMT 14 Jul 95

[FBIS Transcribed Text] Seoul, July 14 (YONHAP) — Former opposition leader Kim Tae-chung launched his party Friday [14 July] by putting into motion his new party preparation team, amid intensifying resistance to his political comeback and creation of a new party.

The new party preparation team, dubbed "The 11-Member Working Committee," including main opposition Democratic Party [DP] Vice Presidents Kwon Nokap and Han Kwang-ok, met at Naeoeryon, a fraternity

of DP lawmakers loyal to Kim, in Yoido, southwestern Seoul, Friday morning and decided to expedite party preparations by area, like reviewing the trends of public opinion and recruitment figures from outside the established political circles.

The preparation team decided to continue its signature-collection drive urging the resignation of DP President Yi Ki-taek through Saturday, and to convene the "17-leader conference" at the Swiss Grand Hotel in northwestern Seoul with Kim presiding Saturday evening.

Kim plans to initiate an Inaugural Preparation Committee after holding a promoters' rally later this month, and is reportedly going to inaugurate the projected new party on or around August 15, the 50th anniversary of the nation's liberation from Japanese colonial rule in 1945, according to his proteges.

Most likely to chair the party Inaugural Preparation Committee is DP advisor Yi Chong-chan.

As to the party leadership system, Kim reportedly wants a powerful single leadership system, under which he will become party president and have five or six vice presidents.

The Tonggyo-tong Faction, controlled by Kim, claimed Friday that out of 96 DP lawmakers 63 signed the petition calling for Yi Ki-taek to step down as party president. The figure is expected to increase to 75 or 80 by Saturday, the faction said.

In the meantime, middle-of-the-roaders including DP Vice Presidents Kim Won-ki, Cho Se-hyong, Kim Kuntae and Reps. Yi Chol, Yu In-tae and Won Hae-yong are scheduled to meet at the National Assembly restaurant Friday afternoon to discuss their course of action.

Yi Ki-taek also discussed with his associates ways to protect the party at his private residence in Pukahyon-tong, western Seoul, Friday morning.

Most Citizens Oppose Comeback

SK1407084695 Seoul YONHAP in English
0810 GMT 14 Jul 95

[FBIS Transcribed Text] Seoul, July 14 (YONHAP) — A majority of citizens are against former opposition leader Kim Tae-chung's plan to create a new party and return to politics, according to polls conducted by four Seoul dailies Thursday.

The CHUNGANG ILBO's telephone poll of 712 adults across the country showed 73.2 percent of the respondents were opposed to Kim's political comeback, while 26 percent were in favor of it.

The story was the same with the HANGYORE SINMUN's poll of 700 adults — 51.6 percent against and 31.9 percent for.

The SEGYE ILBO's poll of 500 Seoul citizens also showed similar result — 65 percent against and 34 percent for.

The KUKMIN ILBO's poll of 1,000 adults revealed that 61 percent are against and 33 percent for.

Kim announced Thursday he would return to politics to create a new party with lawmakers from the main opposition Democratic Party who are loyal to him. He said that he would make no excuse for breaching his promise of political retirement.

Following his defeat in the 1992 presidential election, he declared his retirement from politics and has since served as chairman of the Asia-Pacific Peace Foundation, an organization he founded.

During the June local elections, he went on stump-ing tours supporting opposition Democratic Party candidates apparently a precursor to his political comeback.

Trade Minister Addresses Lawmakers

SK1407022095 Seoul THE KOREA TIMES in English
14 Jul 95 p 8

[FBIS Transcribed Text] The government will discourage excessive spending by consumers and too much investments by businesses in an effort to curb the increasing trade deficit.

At the same time, renewed efforts will be made to foster the capital goods industry, especially in machinery, so as to reduce the import of these costly products from foreign countries like Japan.

This is the main content of a report submitted by Trade, Industry and Energy Minister Pak Chae-yun to the Trade-Industry Committee of the National Assembly yesterday.

In the report, Pak noted that one of the main reasons for the increase in the trade deficit is the import of parts and components as well as manufacturing facilities from Japan.

He said the trade deficit for this year is expected to hover around the 10-billion-dollar mark, because of the expanding trade imbalance with the neighboring country.

To thwart the undesirable trend, MOTIE [Ministry of Trade, Industry, and Energy] and the private sector are working in concert to attract investment by Japanese

companies in the fields of electronics, auto components and machinery.

Last year, red ink trade with Japan surpassed 9 billion dollars, almost 1.5 times the entire trade deficit of 6.3 billion dollars, indicating that the nation could have had a surplus if not for the enormous deficit with Japan.

Pak told lawmakers that another program the government is planning to introduce is the provision of financial assistance for 10 strategic items which are in a position to take advantage of the strong yen.

Meanwhile, the MOTIE minister explained that annual collective bargaining between labor and management is progressing more smoothly than expected this year giving rise to enhanced labor peace.

MOFE Announces Bank Deregulation Measures

SK1407020695 Seoul THE KOREA HERALD in English 14 Jul 95 p 8

[FBIS Transcribed Text] The Ministry of Finance and Economy [MOFE] yesterday announced a 34-point deregulatory package on bank business, giving domestic commercial banks a freer hand in their operations.

The decontrol measures, in line with the government's financial liberalization program, aim at reducing government intervention in banks to the minimum and creating a business environment for enhancing competition, a ministry official said.

It is the second time in less than three months that the ministry has come up with deregulatory steps. On April 1, the ministry put forward a set of measures easing restrictions on bank business.

Under the new deregulation package, commercial banks will be allowed more leeway in branching.

Starting next year, 14 Seoul-based commercial banks will be free to establish new branches within a ministry-set quota of 15 when they meet certain requirements.

To open a maximum of 15 new branches, banks should earn higher than C performance ratings for this year from the Office of Bank Supervision; have a capital adequacy ratio of over 8 percent; and receive no reprimands from the bank watchdog. The quota will be raised to 23 in 1997 and 30 in 1998.

Provincial banks meeting the requirements will be allowed to open up to 10 new branches next year, 15 in 1997 and 20 in 1998.

A bank will also be permitted to buy preferred stocks of another bank, that don't give holders the voting right. Currently, banks are prohibited from purchasing shares of other banks, both common and preferred.

Beginning 1999, banks will be free to pay shareholders as much dividend as they want and not be required to accumulate as retained earnings a portion of their special income stemming from the sale of stock holdings and subsidiaries.

The ministry said it will step up deregulation further on a mid- and long-term basis according to its financial liberalization plan.

The ministry will positively consider allowing banks to enter other business areas such as securities and insurance; lifting restrictions on the terms of bank loans; and permitting banks to float bonds.

Market To Open to Foreign Credit Rating Firms

SK1307023195 Seoul THE KOREA TIMES in English 13 Jul 95 p 9

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] The government plans to foster the credit rating industry through foreign competition.

A Ministry of Finance and Economy [MOFE] official said yesterday the opening of the credit rating sector to foreign participation has become all the more necessary as financial liberalization and deregulation are under way here.

He added that without the presence of respected and fair rating agencies, the local financial market faces institutional limits in its push for sophistication and modernization.

In the construction business, supervisors are necessary to ensure fault-free architecture, he said. And in the financial market also, credit rating firms are necessary to protect investors from corporate default risks and to facilitate quick and easy issuance of bonds by industrial and financial firms, he said.

The recent collapse of the Songsu Bridge and the Sampoong Department Store originated mostly in the lack of the role for supervisors. He said without efficient and respected credit rating firms, Korean investors are exposed to numerous corporate default risks, he noted. [paragraph as published]

He added that such foreign rating firms as Moody's and Standard and Poors will be encouraged to launch operations here through either liaison offices, branches, joint ventures or subsidiaries.

The official said the existing domestic credit rating companies provide poor services to customers, adding that they need competition.

Three local credit rating firms—Korea Investor Service Inc., National Information and Credit Evaluation Inc.

and Korea Management and Credit Rating Corp.—have been operating for the past decade. But they have been struggling to move out of deficit-ridden operation.

Korean credit rating agencies have had a tough time securing a position in the local financial market as users do not have much respect for the ratings they issue.

MOFE officials said the government needs to foster local credit rating firms so that their rating services are respected in the financial market. One of the ways to upgrade the quality of their services will be the full opening of the credit rating sector to foreign competition, they said.

Not because of foreign pressure, but because of Korea's own needs, Seoul must encourage the operation of foreign credit rating agencies, they said.

An official of the National Information and Credit Evaluation [NICE] Inc., which is affiliated with the Korea Federation of Banks, said it is highly likely that foreign rating agencies will launch operations here, especially because many local firms and financial institutions are raising capital overseas through bond and stock issues. Ratings are a must for prospective issuers of bonds overseas.

Government officials said a consensus is emerging in the ministry that there is a need to develop the local credit rating sector. But they said at this stage, no foreign firm has shown much enthusiasm about doing business in Korea.

Under the pre-announced five-year financial reform plan, foreigners will be able to hold up to 10 percent of the equity in the three existing local rating companies and the share will rise to 30 percent in 1997. However, the government is reviewing the possibility of changing the market-opening schedule for the credit rating sector, they added.

"I believe that foreign rating agencies have little interest in teaming up with Korean partners in doing business here," a NICE official said. He added that foreign rating firms appear to be interested in doing business independently through either branches or subsidiaries." [quotation marks as published]

Il-Sung Construction Wins Lao Project

SK1407014795 Seoul THE KOREA HERALD
in English 14 Jul 95 p 8

[FBIS Transcribed Text] Il-Sung Construction Co. has secured from the Government of Laos a \$3-billion infrastructure construction package which includes a new airport, railroad and a hydraulic electric power plant, a company spokesman said yesterday.

Signing the Laos project in the capital city of Vientiane Wednesday were Yi Chang-yol, Il-Sung president, and Leuane Somboukhan, vice chairman of the Committee for Planning and Cooperation of the People's Democratic Republic of Laos, the spokesman said.

Korea and the communist government of Laos do not maintain diplomatic ties. The latest deal was said to be the largest infrastructure project the Laotian Government has signed with a foreign company since 1986, when the country began pursuing foreign investment.

Il-Sung is a mid-sized builder based in Seoul. According to the 1995 ranking by the Ministry of Construction and Transportation, the company is 70th among over 2,000 domestic builders.

The construction package consists of 10 individual projects, which Il-Sung plans to complete by 2005.

"We will set up a wholly-owned subsidiary in Laos. And construction will begin by next year," said the spokesman, adding the negotiations with the Laotian Government first got under way in 1994.

Among the 10 projects are a 200-km railway linking Vientiane to Vinh Port in Vietnam and New Vientiane International Airport to be built 30 km north of the capital. The railroad to Vietnam passes through a mining town, where Il-Sung will build a \$300-million iron ore and coal mine.

The airport construction is the highest priced at \$1,250 million, followed by the \$500-million railroad project.

The Korean builder will also construct a hydraulic plant with the capacity of 150-200 megawatts and a cement factory with an annual output of at least 300,000 tons a year.

Also to be constructed are a four-star hotel with 300 rooms, and a vocational training center. A sugar mill producing 30,000 tons a year is also in blueprint, along with a fertilizer.

The overall road upgrading of the northern province is also in order.

With the latest project, Il-Sung would become the third Korean contractor to venture into Laos, after Dong Ah Construction & Industrial Co. and the construction division of Daewoo Corp.

Dong Ah is currently building a hydraulic plant and Daewoo is developing roads.

Death Toll From Sampoong Collapse Reaches 263

SK1407013895 Seoul YONHAP in English
0058 GMT 14 Jul 95

[FBIS Transcribed Text] Seoul, July 14 (YONHAP) — Twenty bodies were recovered from the debris of the collapsed Sampoong Department Store in Seoul Thursday, 15 days after the building's cave-in, but no new survivors were found.

The death toll from the nation's worst man-made disaster rose to 263, the number of injured stood at 458 and those listed missing totalled 394 as of midnight Thursday, according to an official tally released by the Seoul City disaster headquarters.

To help accelerate search operations for possible survivors on Thursday two additional rescue workers were assigned to the teams of five already working with each excavator.

The body recovery teams Thursday began preparing maps showing the locations where bodies have been discovered in an effort to help identify them.

Such maps are being prepared in response to requests made by the families of the missing. The families also requested that more lighting equipment be installed so that night rescue and body recovery operations can be conducted with less difficulty and that a date of death be provided for each victim.

Seoul Mayor Remarks on Sampoong

SK1407034695 Seoul YONHAP in English
0200 GMT 14 Jul 95

[FBIS Transcribed Text] Seoul, July 14 (YONHAP) — Seoul Mayor Cho Sun said Friday that he will strengthen

the functions of the city's safety control headquarters to periodically inspect civil as well as public buildings and to prevent the construction of jerry-built structures.

Cho, speaking to a breakfast meeting of the Korean Newspaper Editors' Association held at the National Press Club, said, "I will see to it that citizens will live a comfortable life, by guaranteeing their personal as well as property safety during my three-year tenure of office."

Cho also apologized for the city government's incorrect tally of the missing people in the Sampoong disaster.

The Seoul city government on Thursday corrected the number of missing people in the collapse of the Sampoong Department Store, drastically increasing it from 206 to 409 and faced a rush of criticism from citizens.

He said, "both the Seoul city government and the Socho-ku Office confirmed the identities of the missing people by telephone or by visiting households. And in the process, the confirmed figures were not announced to the citizens properly. It's just something that happened. I deeply apologize to the citizens as the mayor elected by them."

Burma

Suu Kyi Holds 3d Press Conference

OW1407141195 Tokyo KYODO in English
1353 GMT 14 Jul 95

[FBIS Transcribed Text] Yangon [Rangoon], July 14
KYODO — Recently released opposition leader Aung
Sang Suu Kyi said Friday [14 July] that Japan should not
hurry its resumption of Official Development Assistance
(ODA) to Myanmar [Burma].

In her third press conference held outside her residence
since her release from house arrest Monday, Suu Kyi
also urged Western pressure groups to patiently await
future developments in Myanmar before changing their
tactics.

Asked about resumption of foreign aid including Japan-
ese ODA, Suu Kyi said, "they should wait and see
whether there is a genuine move toward reconciliation
and a truly democratic system of government. I won-
der why the Japanese Government feels a need to hurry
about it. I don't think there is really such a need."

In response to a question about Western pressure on
Myanmar, she said, "all those who are interested in
democratic development in Burma (Myanmar) should
wait and see what is going to happen before they decide
to change their tactics. Nothing has changed yet, apart
from my release.

"What is important is to create a situation where all
Burmese people can be better off."

She also called for support from leaders of the Asso-
ciation of Southeast Asian Nations (ASEAN), saying,
"I would ask them to support the cause of democracy.
I think they should go on observing the situation very
closely and accept that we are nowhere near democracy
yet."

As to why she calls her country Burma instead of
Myanmar, she said, "it's because foreigners pronounce
Myanmar and Yangon [Rangoon] in such an awful
way."

The ruling military junta changed the country's name
from Burma to Myanmar after taking power in a coup
in 1988.

Suu Kyi said in an interview with KYODO NEWS
SERVICE that the results of a 1990 national poll will
be high on the agenda in talks with the military junta.

The 1990 election resulted in a crushing defeat for the
ruling military junta, which refused to recognize the
results and relinquish power.

Suu Kyi did not make it clear whether she will ask the
junta to abide by the election outcome, which she said
clearly reflected the will of the people.

She was one of leaders of the National League for
Democracy that won a landslide victory in the election
but she was brought under house arrest the year before
the poll.

Aung San Suu Kyi Wants 'Dialogue' With Leaders

BK1407115095 Hong Kong AFP in English
1141 GMT 14 Jul 95

[FBIS Transcribed Text] Rangoon, July 14 (AFP) —
Aung San Suu Kyi said Friday she was willing to meet
and negotiate with Burma's military leaders, but urged
the international community to wait before rushing in
to offer the country development aid.

Any meeting with the Burmese junta "would come
firstly in the form of dialogue," she told a packed news
conference at her lakeside home, adding that "there is
no way we can achieve reconciliation unless we talk
with each other."

But she added that any such contact with the State
Law and Order Restoration Council (SLORC), as the
junta is officially called, could only occur once she and
her colleagues in the National League for Democracy
decided on how best to proceed.

Aung San Suu Kyi, who was released Monday after
almost six years of house arrest, also urged other nations
and international institutions not to rush in and offer
Burma and development aid yet.

Potential donors should "wait and see," she said. "It is
too soon to rush into anything. They should wait and see
whether there is a genuine move towards reconciliation
and a democratic system of government. [no closing
quotation mark as received]

NLD Founder Tin Oo Urges Dialogue With Junta

OW1307133795 Tokyo KYODO in English
1321 GMT 13 Jul 95

[FBIS Transcribed Text] Yangon [Rangoon], July 13
KYODO — The founder of Myanmar's [Burma] oppo-
sition National League for Democracy (NLD) Tin Oo on
Thursday [13 July] urged the ruling military to quickly
start dialogue with pro-democracy leader Aung San Suu
Kyi, who was freed after six years of house arrest Mon-
day.

In an interview with KYODO NEWS SERVICE, Tin
Oo said the most important goal on the road toward
democracy is realizing dialogue with the government.

Tin Oo founded the NLD in 1988 and served as its first chairman until being placed under house arrest by the junta, the State Law and Order Restoration Council (SLORC), in July 1989 at the same time as Suu Kyi. He was released in March.

Talks with the military leadership should focus on the recognition of results of the May 1990 general election, which brought a landmark victory to the NLD, he said.

The government must honor the election results, Tin Oo said, indicating that the league will demand formation of a new legislature in line with the 1990 election outcome.

Following the September 1988 military coup, Myanmar's legislature, the 489-member People's Assembly, and all other state organs were abolished.

After the 1990 general election, the military declared the new body to be a constituent assembly, designed to draw up a new constitution in preparation for a transfer of power to a civilian government, but without legislative power.

In the interview, Tin Oo demanded that the constituent assembly be made up of democratically elected members. He said the present body cannot be called a true People's Assembly since most of its members were appointed by the government.

He also said the league hopes to promote democracy peacefully, noting that this is also Suu Kyi's opinion.

Tin Oo said the league does not want demonstrations or protests to occur, apparently cautioning pro-democracy activists against giving the military reasons to quell the movement.

He was echoing remarks by Suu Kyi, who warned her supporters Wednesday not to expect too much quickly.

"There is always the danger. The way is not going to be all that smooth," she told reporters at her residence.

Thousands of anti-government protesters were killed by the armed forces in 1988 and widespread pro-democracy demonstrations in spring 1989 led to a crackdown on NLD supporters and activists.

Tin Oo said Japan's current policy toward Myanmar — maintaining a freeze on Official Development Assistance while promoting dialogue with the junta — is the right thing to do.

Meanwhile, the crowd in front of Suu Kyi's house in downtown Yangon, which had swelled to some 1,000 locals and reporters on the day of her release, has ebbed to about 200 people.

Yangon residents were apparently doing business as usual, heeding Suu Kyi's warning against taking to the streets for fear of provoking the government.

Suu Kyi Meets With Opposition Leaders

*BK1407084895 Hong Kong AFP in English
0626 GMT 14 Jul 95*

[Report by Jim Hatton]

[FBIS Transcribed Text] RANGOON, July 14 (AFP) — Aung San Suu Kyi kept to a busy schedule Friday, meeting with senior opposition members, as Burma's official media stayed silent on the release of the dissident from almost six years in detention.

Members of the National League for Democracy (NLD) arrived at Aung San Suu Kyi's lakeside home for the fifth straight day since her release from house arrest Monday for talks on reviving the drive for democracy in Burma.

But while the dissident has been holding dawn-to-dusk meetings with pro-democracy leaders — as well as the international media — the Burmese government has maintained a firm silence about her release.

There has been no announcement of her release in the official press, although privileged Burmese have been following developments via their home satellite dishes. The broadcasts were not accessible to the vast majority of the population.

Aung San Suu Kyi slipped quietly out of her compound Thursday just before dark for a medical checkup, an aide said. She was apparently keeping a low profile to avoid attracting crowds away from her family compound.

Meanwhile, Burmese Foreign Minister Ohn Gaw told the Bangkok Post that Burma was moving closer to joining the Association of Southeast Nations (ASEAN), but declined to link the bid for an ASEAN spot with Aung San Suu Kyi's release.

It was the first interview given by the government to the foreign media since Aung San Suu Kyi's release.

Ohn Gaw said Burma had informed ASEAN of its desire to accede to the Treaty of Amity and Cooperation, the first step towards joining the regional grouping of Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

He also confirmed that Rangoon had accepted an invitation to attend the ASEAN foreign minister's conference in Brunei at the end of the month as a guest of the host country.

Among those arriving to meet with Aung San Suu Kyi on Friday was Tin Oo, the titular head of the NLD when it was formed in 1989.

He was jailed in December 1989 by the State Law and Order Restoration Council (SLORC), as the junta is officially known, and released earlier this year.

Also on hand for the talks was Aung Shwe, NLD acting chairman and its senior representative at the ongoing national convention drafting Burma's new constitution.

Aung San Suu Kyi, 50, told reporters earlier this week that she wanted to discuss in detail how to restart the push for democracy in Burma, and that she would make no move without consulting her NLD colleagues.

Aung San Suu Kyi was a co-founder of the NLD, and as the daughter of national hero Aung San, campaigned widely for the party ahead of elections that the NLD swept in April 1990.

The SLORC subsequently ignored the poll results and refused to relinquish power. Instead, it clamped down on the opposition, arresting top NLD leaders and forcing others to flee to the jungle or across the border into Thailand.

Rebels: Praise for SLORC Undeserved

*BK1407050895 Bangkok BANGKOK POST
in English 14 Jul 95 p 6*

[FBIS Transcribed Text] The Democratic Alliance of Burma [DAB] yesterday said the time is not yet appropriate to praise the ruling State Law and Order Restoration Council [SLORC] for its latest move to ease the mounting pressure applied by the international community to restore democracy to Burma.

In a statement received yesterday the DAB said "This is not an occasion to show any sign of appreciation to the illegal ruling military junta in Rangoon for doing something which is way overdue and damaging for the country. They were compelled to release Daw Aung San Suu Kyi."

It added that the SLORC had suffered an ignominious political defeat at the hands of the ever-growing strength of pro-democracy supporters inside and outside Burma.

DAB attributed this defeat to the "overwhelming support" received from the international community and the "courage and perseverance shown by the Burmese people in the struggle for democracy."

Meanwhile, the Burmese Muslim Liberation Organisation (MLO) yesterday expressed its "profound happiness" for Suu Kyi.

"We are deeply grateful for her strong conviction and courage in spite of all the difficulties and obstacles she had faced during her detention," it said.

The MLO statement pointed out the Rangoon regime has realised at last that the problems of the country cannot be overcome with military might.

"We therefore urge SLORC to seriously consider holding a tripartite dialogue with the democratic forces led by Daw Aung San Suu Kyi and the ethnic resistance groups in the country."

Khun Sa Urges National Reconciliation

*BK1407042095 Bangkok BANGKOK POST
in English 14 Jul 95 p 11*

[FBIS Transcribed Text] The Shan State National Congress has called for national reconciliation in Burma after the release of pro-democracy leader Aung San Suu Kyi from house arrest on Monday.

The congress is the political wing of opium warlord Khun Sa's Muang Tai Army.

In its statement released yesterday, the congress urged the State Law and Order Restoration Council to urgently return freedom to the public.

"Though the Union constitution was torn apart by the Burmese military, we sincerely hope that like her father Suu Kyi shall be successful in upholding her great father's promise which shall lead to peace, progress and prosperity not only for our people but also for the region and the rest of the world."

Rangoon Takes First Step To Join ASEAN

*BK1407050695 Bangkok BANGKOK POST
in English 14 Jul 95 p 1*

[Report by Anurat Maniphan]

[FBIS Transcribed Text] Burma has officially told Brunei that it wishes to accede to the Treaty of Amity and Cooperation, a first step toward full membership of the Association of Southeast Asian Nations.

According to Burmese Foreign Minister Ohn Gyaw, Burma has accepted Brunei's Invitation to join, as "guest of host country", in the annual meeting of ASEAN foreign ministers.

Brunei extended the formal invitation only last week, Mr Ohn Gyaw told the BANGKOK POST yesterday, in what was the first interview with a foreign journalist since the July 10 release of opposition leader Aung San Suu Kyi.

The Burmese minister refused to be drawn into any linkage with Mrs Suu Kyi's release and the ASEAN meeting.

On July 29, in Brunei, Mr Ohn Gyaw will be appearing among ASEAN foreign ministers for the second time. In July last year he did so in Bangkok as "guest of host country".

Brunei, Indonesia, Malaysia, the Philippines Singapore and Thailand will take on Vietnam as their seventh ASEAN colleague at the Brunei meeting.

ASEAN capitals were quick to claim Mrs Suu Kyi's unexpected release a triumph for the group's much criticised "constructive engagement" with the ruling military junta.

Asian and Western analysts here have questioned this interpretation, subscribing more to a mixture of contributing factors.

"It reflects a confidence on the part of the military leadership in their ability to control the internal situation, as well as their need for development," said one Asian analyst.

"European states could claim the same triumph for their critical dialogue, the United States could for their hard line. It was more likely a combination of all three," said a Western analyst.

Burma, which in 1987 applied for Least Developed Country status with the United Nations, suffered badly from the withdrawal of international aid from donors who were horrified with the suppression of pro-democracy demonstrators in 1988.

The US, by virtue of being a leading contributor to the International Monetary Fund and the World Bank, effectively holds veto power on lending by the two bodies to Burma.

Mr Ohn Gyaw, in a comment seen to include reference to the US, slammed "certain countries" for "imposing constraints on developing countries".

"The very idea of IMF and the World Bank is to promote economic development," he said.

"But if there are two standards, then the very idea of developmental assistance has no meaning."

Mr Ohn Gyaw said Burma enjoyed identical views with ASEAN on most international issues.

Economically, he said Burma was "not in a hurry" to join the ASEAN Free Trade Area planned for the year 2003.

"The tempo and process would be in accordance with what we could do and could give," he said.

Brunei, Malaysia & Singapore

Malaysia

Renewal of U.S.-SRV Ties 'Landmark' Decision

BK1407093895 Kuala Lumpur Voice of Malaysia
in English 0810 GMT 14 Jul 95

[Station commentary]

[FBIS Transcribed Text] The move by the United States to normalize ties with Vietnam is a landmark decision, for it will further enhance peace and stability in this region. For ASEAN, it is an achievement indeed for the grouping has always been a key advocate of Vietnam's inclusion into ASEAN. Washington's decision is seen as endorsing what ASEAN has propagated all along. In the past, U.S. hesitation to recognize Vietnam was becoming counterproductive. Many feel that Washington should have made peace with Hanoi a long time ago. As such, the decision is timely, especially since Vietnam will be included as ASEAN's seventh member later this month at the foreign ministers meeting in Brunei.

Hanoi's ties with Washington are important as it will provide Vietnam with more opportunities to expand relations with its neighbors. With the normalization of ties and inclusion into ASEAN, the Indochinese country can now commit itself more positively to the international community. However, Vietnam still has a long way to go before it catches up with the free-market economies of the other ASEAN members. Therefore, it is sensible not to expect too much from the U.S. move and from Vietnam itself immediately. It is unlikely that the political change will result in a mad rush before the economic links are already in place. Hanoi has to move toward some liberalization not only economically but also politically. Although [words indistinct] looks good, what is important is what Vietnam does on the domestic side. But institutions such as the International Monetary Fund, IMF, and World Bank would probably have more confidence in dealing with Vietnam now that the U.S. has built its bridges again.

After the initial euphoria of normalization of ties and entry into ASEAN were lost, Vietnam would have to face some difficult changes. On the business front, Vietnam still has some distance to go. It has yet to develop a viable legal business infrastructure. ASEAN realizes that Hanoi would need a grace period. This is why when it joins up this month, it will not be required to commit itself to reduce tariffs immediately. This is in view of the creation of the ASEAN Free Trade Area, AFTA. Yet, this does not mean, however, that Vietnam would get a free ride perpetually. There will come a point in time when it too has to make concessions to

liberalize its market as other ASEAN markets. There is a need eventually for deregulation, greater transparency in business, and less red tape in Vietnam. A positive feature is that Vietnam has become adept at developing good relations quickly with many new comers who have set up ties with Hanoi since the peace accords in Cambodia ended the government's isolation.

The U.S., however, cannot expect to push Vietnam into addressing issues such as the labor standards, human rights, and improved access by U.S. goods into Vietnam. What is important to realize at this juncture is that it will take a fair amount of time for everything to fall into place. As for Vietnam, it is definitely on the right track toward becoming a full and responsible member of the international community.

Badawi on Benefit of Normalized U.S.-SRV Ties

*BK1407133095 Kuala Lumpur RTM Television
Network 1 in Malay 1200 GMT 14 Jul 95*

[FBIS Translated Text] The normalization of diplomatic relations between Washington and Hanoi will provide Vietnam with many economic opportunities. Foreign Minister Datuk Abdullah Ahmad Badawi said the normalization is good for Vietnam, which will join ASEAN. He was speaking in Johor Baharu.

[Begin Abdullah recording in progress] ...relations with the United States will definitely provide Vietnam with more opportunities to gain economic benefits. We do recognize the United States as a great economy in the world. The relations will be helpful to ASEAN because we want Vietnam to develop rapidly to enable it to be on a par with the other ASEAN countries. Moreover, the implementation of the ASEAN Free Trade Area, which is a great project, will definitely be beneficial and useful for all if all the ASEAN countries arouse themselves to make economic progress. [end recording]

Singapore

Daily Views Normalization of U.S.-SRV Ties

*BK1407101295 Singapore THE STRAITS TIMES
in English 14 Jul 95 p 34*

[Editorial: "Breaking With Unhappy Past"]

[FBIS Transcribed Text] By ringing down the curtain on a war which he said he "opposed and despised," United States President Bill Clinton has opened the door to a promising future. The dividends will be, as Vietnam's deputy foreign minister, Le Mai, was quick to respond "in the areas of trade, the economy, science, and technology." There is a certain irony, of course, in this return in a new role to the scene of so much anguish in the past. Not surprisingly, therefore, there are

residual unreconciled voices on both sides, especially in the U.S. where some war veterans still find it difficult to come to terms with the thought of the dead and missing. Perhaps it is a reflection of Eastern fortitude that Vietnam should display far greater resilience in adjusting to much greater losses — 3 million dead, 300,000 still missing, and a devastated landscape.

But then, Vietnam is sustained by the confidence of victory. Pragmatism may be reinforced by the fact that 60 percent of the population was born after the war ended 20 years ago. The young have no memory of the war. They would be far more anxious to get on with the job of rebuilding a nation so that Vietnam can realise its potential as the next Asian tiger. This was also, of course, the main impetus for Mr. Clinton's action. A Republican senator, Mr. John McCain, who spent more than five years in a Vietnamese prison, stood next to Mr. Clinton in a symbolic gesture of solidarity as the president made Tuesday's historic announcement. But behind Mr. Clinton were massed such corporate giants as Mobil, Citibank, and Coca Cola, which are really responsible for this decision to reopen ties on a new footing.

American businessmen feared that in the absence of full diplomatic relations, they would lose out to Japan, South Korea, and Western Europe. Their sustained lobbying was largely responsible for the end of the trade embargo in February last year, with the U.S. emerging as the 16th biggest investor in Vietnam. The latest corollary is also a tribute to their efforts. The administration would probably have responded in any case as part of its post-Cold War reorganisation, but two considerations appear to have decided the timing. First, any further delay would have made a consensus even more difficult, with Republicans and Democrats about to lock horns for the 1996 presidential campaign. Second, Vietnam's joining ASEAN later this month would have created an awkward situation if Washington and Hanoi were still speaking to each other only through liaison offices.

There is speculation about the impact on Sino-U.S. ties. Some American strategists fear that a Washington-Hanoi rapprochement might rankle in Beijing; others see Vietnam as a strategic counter-weight to China. While the first calculation may underestimate China's political savvy, the second does not speak too highly of American diplomatic maturity or ability to learn from past mistakes. While a strong and prosperous Vietnam would obviously be a major regional player, attempts to use this against China would not promote U.S. interests or Asian stability. Nor, for that matter, would it be rewarding for the Americans to try to tag on human rights conditions or social clauses to the new relationship.

To be fair, the U.S. does seem determined to make the most of the opportunities offered by Vietnam's 72 million people, 9 percent growth and plans to invest U.S. \$7 billion over the next few years in roads, ports, and modern telecommunications. But a long, hard slog lies ahead. Creating the basic legal and corporate infrastructure alone will be a major undertaking. American participation in wealth generation would serve two additional objectives. The West needs only to review its own historical evolution to appreciate that there is no more effective cure to social ills. The process, and its net result, might also help to wipe out the pain of defeat and restore a genuine bond between the two countries. The profit motive can yet transform yesterday's enemies into tomorrow's victors.

'Tricky Path' to Reconciliation in Burma Viewed

*BK1307154595 Singapore BUSINESS TIMES
in English 13 Jul 95 p 10*

[Editorial: "Myanmar's Tricky Road Ahead"]

[FBIS Transcribed Text] "Just releasing me tomorrow is not going to do any good if the attitude of SLORC (the State Law and Order Restoration Council) does not change. What is more important is what they are doing to the country. And national reconciliation doesn't just mean reconciliation between two people. It's a reconciliation between different ideas. What we need is a spiritual and intellectual reconciliation." So wrote Myanmar's [Burma's] opposition leader, Aung San Suu Kyi, in 1991, two years after she was placed under house arrest in Yangon [Rangoon] by the SLORC regime. Her views, far from being outdated by the passage of time, are even more compelling today as the international community welcomes her release. Ms. Suu Kyi's words capture succinctly the political chasm that divides Myanmar. It was heartening that reconciliation and dialogue to heal her divided country were themes she expounded again this week in her first public appearance in six years.

SLORC's decision to release Ms. Suu Kyi on Monday, on the eve of the sixth anniversary of her house arrest, came as a total surprise. Even more stunning was the fact that there were no conditions in the release order, according to Ms. Suu Kyi. Prior to this week's events, the noises coming from Yangon had not been encouraging; the military appeared to have hardened its attitudes after last year's apparent thaw when SLORC held two meetings with her. Observers feared the worst, that her detention might be extended. The U.S. Congress was considering economic sanctions to further isolate the country, already deprived of soft loans and investments by the West. The West advocated a hardline approach to pressure the Myanmar [Burmese] regime, as

opposed to ASEAN's "constructive engagement" policy under which, among other things, ASEAN allowed Myanmar's foreign minister to observe its foreign ministers' meeting in Bangkok last year.

While it is still early to assess where credit for Ms. Suu Kyi's release is due, in all likelihood a combination of both policies worked on the SLORC leadership. ASEAN members can at least feel partially vindicated in its steadfastness on the constructive engagement policy. The timing of Ms. Suu Kyi's release could not have been better — just a couple of weeks before the annual ASEAN foreign ministers' meeting in Brunei. But amid the euphoria, it must be remembered that her release is only the first step in the tricky path towards national reconciliation.

Many questions remain: What role will Ms. Suu Kyi play in Myanmar's political landscape? How will the military accommodate her and the other politicians in the exercise of power? The fact remains that her National League for Democracy (NLD) won a landslide victory in the national elections in 1990, sweeping 392 of the 485 contested seats. The vanquished military regime ignored the results and detained NLD leaders. And what of the work being done to draft a new constitution, with a pro-military bias at least up to now? Then there is the issue of how the ethnic minorities, a thorn in the side of the regime, will be brought into the political fold. How these different political strands come together will decide if Myanmar really moves forward with Ms. Suu Kyi's release.

Cambodia

Foreign Ministry Statement on U.S.-SRV Ties

*BK1407143795 Phnom Penh National Radio of
Cambodia Network in Cambodian
1300 GMT 14 Jul 95*

[Statement by an unidentified spokesman of the Ministry of Foreign Affairs and International Cooperation issued in Phnom Penh on 14 July; read by announcer]

[FBIS Translated Text] The Royal Government of Cambodia welcomes the decision by U.S. President Bill Clinton to resume normal diplomatic relations with Vietnam. His Excellency Ing Huot said (?on 13 July): I consider this decision a fine (?sign) for stability and progress in the Asia-Pacific region.

Phnom Penh, 14 July

PRC To Provide Mine-Clearing Assistance

*BK1307090095 Phnom Penh National Radio of Cambodia Network in Cambodian
1300 GMT 12 Jul 95*

[FBIS Translated Text] On the evening of 10 July at the Chinese Embassy, a ceremony was organized to sign a cooperation agreement with the PRC on providing equipment for demining and destroying mines to Cambodia.

This was signed by General (Heng Chamraeun), head of the Engineering Department of the Defense Ministry; and (?Colonel Wu Tangru), military attache of the Chinese Embassy in Cambodia. Also present were Excellencies Tie Banh and Tea Chamrat, co-defense ministers; Mrs. Xie Yuee, PRC ambassador to the Kingdom of Cambodia; and a number of important officials of the Chinese Embassy.

The PRC military assistance for demining and destroying mines to Cambodia includes 10 tons of TNT, 40,000 mine fuses, 50 cases of wire totaling 10,000 meters, and equipment for demining and detonating mines. In the same agreement the Chinese side also agreed to provide grants for 10 Cambodian engineering soldiers for training in the PRC. [passage indistinct]

Military Arrests, Interrogates Rangsi Bodyguards

*BK1407112995 Hong Kong AFP in English
1120 GMT 14 Jul 95*

[FBIS Transcribed Text] Phnom Penh, July 14 (AFP) — Cambodian soldiers have detained three bodyguards working for former finance minister Sam Rangsi and interrogated them on his alleged connections with the Khmer Rouge, a senior military intelligence officer said Friday.

The officer confirmed information relating to the arrests Thursday given to AFP by the former minister in a telephone call from London where he is now visiting.

"Yes, we did that, but we did it in accordance with court warrants," the officer told AFP. He said three bodyguards and one foreigner had been detained Thursday evening but had been released Friday afternoon.

"This case concerns the law about the Khmer Rouge," the officer said.

In his phone call, Sam Rangsi, an outspoken critic of government corruption, said the bodyguards had been beaten and forced to sign confessions that he had collaborated with the Khmer Rouge.

This could not be immediately confirmed.

NADK Spokesman Rejects Kidnapping Charges

BK1407042295 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 13 Jul 95

["Rejection" by the spokesman of the National Army of Democratic Kampuchea; dated 13 July — read by announcer]

[FBIS Translated Text] 1. Foreign radios have presented reports in line with the despicable statements by the two-heads — Vietnamese puppets — that the National Army of Democratic Kampuchea [NADK] kidnapped dishonest foreign businessmen who are stealthily felling Cambodia's logs in the eastern part of the Mekong River and demanded them to pay money or gold as ransom.

2. The NADK spokesman vehemently rejects all these despicable accusations.

As a matter of fact, it is known to all that the bandit chieftains who have betrayed and sold out the nation, forests, seas, and islands, and robbed the nation and people of everything are none other but the traitors Hun Sen, Chea Sim, Sar Kheng, Ranariddh, and Tie Banh — lackeys of the Vietnamese. The aggressor communist Vietnamese, arch corrupt two-headed traitors, and villainous Western alliance are the sources of the war and all kinds of conflict.

3. The NADK does not want to taint itself by being involved with the bandits inside and outside the country who have been plundering and selling out the nation, tearing at the people's flesh, and sucking the nation and people's blood. Democratic Kampuchea [DK] and NADK are patriots who love the nation and people and uphold responsibility for the fate — death or alive — of the nation and people and arduously struggled by daring to sacrifice everything to salvage and defend the nation, people, and race.

The Cambodian nation and people clearly see and are well aware of the superb nature of the DK and NADK, not just for today. They have seen this in the past and at present. In the future, the Cambodian nation and people will always be confident in this virtue and lofty love that the DK and NADK uphold for the nation and people.

No old or new enemies, no traitors, nor any culprit can hide or falsify this truth.

4. The NADK spokesman would like to recall the fact that the patriotic resistance forces and the Cambodian nation and people have time and again vehemently and categorically condemned the traitorous two-heads Hun Sen, Chea Sim, Sar Kheng, Ranariddh, and Tie Banh who have sold out the country, land, and forests to the local and foreign dishonest businessmen. All these

bandits must be condemned for their serious crimes before the eyes of the Cambodian nation and people.

13 July 1995

The NADK spokesman

Khieu Samphan Marks PGNUNS 1st Anniversary

BK1407111095 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 9 Jul 95

["Statement" by Khieu Samphan, prime minister and minister of the National Army of the Provisional Government of National Union and National Salvation, on 10 July; place not given — recorded]

[FBIS Translated Text] Esteemed and beloved compatriots, and esteemed and beloved comrades who are cadres and male and female combatants: Today marks the first anniversary of the founding of our Provisional Government of National Union and National Salvation [PGNUNS]. All of you know very well how serious and bleak our country's situation — both social and national — was in the past. Communist Vietnam, UNTAC [UN Transitional Authority in Cambodia], and the alliance conspired to sabotage the Paris accord, undermine peace, and destroy national reconciliation. They joined hands in forming the two-heads, maintaining the administration of communist Vietnam, continuing communist Vietnam's war, and making fascist laws in an attempt to crush our national resistance forces. Their strategy was that if they succeeded in destroying the national resistance forces, they would succeed in doing away with our nation and people and in swallowing up all of Cambodia.

It was against this most somber background that our PGNUNS was officially set up to hold aloft the banner of national union and national salvation and to lead our nation and people away from destruction.

The PGNUNS clearly outlined the following objectives:

1. To achieve national reconciliation, national unity, and national reunification with the participation of the forces of all political tendencies regardless of their past so as to secure enough national forces to jointly solve the ever-deteriorating and aggravating national and social problems.
2. To rally and combine all national forces to have the strength to end communist Vietnam's war of aggression, which has continued up until the present time, and also to solve the problem of the 4 million ethnic Vietnamese, which has posed an enormous danger to the very existence of our Cambodian nation, people, and race.

During the past year, our PGNUNS and National Army joined flesh and blood with our entire nation and people and continued to wage the struggle with lofty national pride and very strong confidence in the strength of our nation and people. This strength of our nation and people has grown more rapidly than at any other times, in the countryside, in Phnom Penh, as well as abroad.

Peasants in the countryside, students, teachers, functionaries, and workers in the cities, tradesmen, journalists, political personalities in the two-headed government, and Buddhist monks all have risen up and waged the struggle more and more concertedly to protect their own lives and to defend their own nation and race in a very brave and courageous manner. The two-heads have been dealt heavy blows everywhere and are being scattered and thrashed in all sectors and fields.

Communist Vietnam, the committee of the Communist Party of Vietnam that controls the two-heads, and communist Vietnam's Dac Cong [sapper] forces and special police have been unable to withstand the struggle of our nation and people — something they will never be able to do.

The alliance that has brownnosed communist Vietnam and bankrolled its regime and forces to continue inflaming the war in Cambodia is now left completely empty-handed. It finds itself in the situation described by our people as having lost both the money and the wallet.

The forces of FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and the paras [noncommunist resistance forces] that have been merged with the puppet forces of communist Vietnam have been thrown into the iron cage of communist Vietnam's administration and have been either completely destroyed by communist Vietnam or turned into second-class puppets of communist Vietnam.

On the first anniversary of the founding of our PGNUNS, all of us can draw the conclusion that the previously very bleak situation has improved gradually. The forces of peace and national reconciliation are steadily growing and developing. Not only have the forces of aggression, belligerency, and opposition to peace and national reconciliation failed to break the force of peace and national reconciliation but they are also being dispersed and toppled in all sectors and fields and are heading inescapably toward total dispersal and collapse.

On this occasion, all of us would like to express special greetings and compliments to our National Army of Democratic Kampuchea for playing an important role in contributing to the struggle that has brought about this excellent change in the situation. This army certainly is

the authentic army of the nation, an army born out of the people, having its roots in and springing out of the people. It wages a guerrilla war for national liberation in line with the people's war, functions on the basis of self-reliance while relying highly on the force of the nation and people, and follows a lofty cause.

Esteemed and beloved compatriots, esteemed and beloved comrades, today, as during the past 16 years, we have joined hands in waging the struggle and have won many great victories in all sectors and fields. For example, we have defeated the communist Vietnamese aggressors' strategy to swallow up Cambodia and have successfully defended our nation and race up to the present; we have beaten the strategies and stratagems of UNTAC and the alliance, preventing them from crushing the national resistance forces and from handing Cambodia on a tray to communist Vietnam; and we have inflicted a smarting and stinging defeat on the strategy of communist Vietnam and the alliance in conjuring up the two-heads and using them as a smokescreen to deceive national and international opinion.

All these monumental successes have enabled us to more clearly see the light of national salvation, peace, and national reconciliation. However, we also clearly see that there are still many problems to solve, including national and social problems, because communist Vietnam, the alliance, and their lackeys — the two-headed puppets — do not readily give up their strategies. Consequently, there are still many duties for us to fulfill, and our struggle must continue. Strong through the experience of the many successes that we have won through our persistent and resolute struggle, we are confident that if our nation and people continue to unite in a persistent and unflagging struggle we will surely be able to save our nation. Communist Vietnam has tried to swallow up Cambodia through a war of aggression, expansion, and genocide for more than 16 years, but it has failed and has been unable to realize its ambition. UNTAC and the alliance then came in to join communist Vietnam in trying to do away with our nation and people, but they too have failed in this attempt. As for the two-headed puppets created by communist Vietnam, UNTAC, and the alliance to dance and clown around as their lackeys, they have also suffered all-out defeats. They do not even have rice to eat. They have been compelled to beg left and right like a bunch of beaten dogs. They have been unable to kill all our nation and people in the past 16-17 years, and they will never be able to do so in coming decades. This is a historic lesson in Cambodia. It is clear as daylight. There should be no doubt about it.

Moreover, the struggle of our nation and people is not an isolated phenomenon. It is part of the network of worldwide struggles that are raging everywhere and are bogging and pinning down the aggressors and warmongers everywhere. The people and countries in the region also do not wish to see the war continue to rage in Cambodia. This war affects peace and security in their countries. In the past, they opposed communist Vietnam's war of aggression in Cambodia. At the present time they also do not want the war that is continuing in Cambodia. What they want is genuine peace. Now is not the era of big guns of bygone imperialism. Moreover, the guns can achieve nothing. They can only cause the aggressors and warmongers to be more completely bogged down. This is a truth that has been clearly vindicated both in Cambodia and the world.

Availing ourselves of this occasion, we would like to appeal to all peace- and justice-loving countries and people of the region and the world — countries and people that have witnessed the real situation in Cambodia and have clearly realized and understood that war can solve nothing and only brings about destruction — to help quickly prevent and end the war in Cambodia so that Cambodia can enjoy genuine peace and national reconciliation, which is beneficial to peace and happiness both in Cambodia and the region. Cambodia with independence, peace, and national reconciliation does not want to be an enemy of any country. We want only to coexist peacefully with all countries and people in the world, especially to have close relations and cooperation with countries in the region.

Long live the overwhelming force of Cambodian peace and national reconciliation!

The force of peace and national reconciliation will without doubt prevail over the force of aggression and belligerency!

Peace, the end of the war, and national reconciliation will certainly be achieved!

Indonesia

Alatas Opposes UN Economic Security Council

*BK1407102195 Jakarta MERDEKA in Indonesian
14 Jul 95 p 11*

[Passages in italics published in English]

[FBIS Translated Text] Jakarta, Thursday, MERDEKA — Foreign Minister Ali Alatas disagrees with the proposed establishment of the Economic Security Council within the United Nations to deal with socioeconomic issues because the ECOSOC [Economic And Social

Council] and UNCTAD [United Nations Conference on Trade and Development] will be abolished as a result.

"The proposed Economic Security Council and the abolition of the ECOSOC and UNCTAD will severely disadvantage developing countries," Alatas told reporters at the Department of Foreign Affairs at Pejambon, Jakarta, on Wednesday evening (12 July).

During the meeting with editors and reporters, Alatas said he does not fully agree with several views and proposals of the Commission on *Global Governance* published in the book "*Our Global Neighborhood*." The book was launched on 26 January 1995.

Alatas, whose name appears in the book as a member of the commission, admitted that he expressed his disapproval late because he had been ill when the commission held a debate on the matter last year.

He said he strongly doubts the feasibility of the proposal because the establishment of the Economic Security Council, whose membership will be definitely very limited, will demonstrate the absence of democracy in the United Nations.

According to the foreign minister, the establishment of the council will imply a shift in defining security as an integral concept, which covers not only political and military security but also socioeconomic security.

Alatas did not believe that it will be realistic or practical to establish the Economic Security Council because we need to revise the UN Charter.

"That will be impossible. Even efforts to restructure the Security Council have been hampered by the veto power. Do we want to have another veto power," he said.

He also disagreed with the proposed abolition of the UNCTAD. Changes in the global economy and international economic relations have made the UNCTAD more important in the drive to strike a balance in economic relations between developed and developing countries.

He was, however, surprised to note the developed countries' displeasure with the UNCTAD. They want the organization to be abolished, although the organization has made positive progress.

"If big countries dictate to small ones, there will be an anarchy," Alatas stated.

The Commission on *Good Governance* groups 28 personalities, including J.P. Pronk from the Netherlands and other world figures. Indonesia is represented by only Ali Alatas. The commission, which was established in

1992, aims to analyze drastic global changes over the past several years.

The commission also offers possible ways for international cooperation in tackling global issues and creating a more just, peaceful, and secure world.

According to Ali Alatas, the commission discusses four aspects. They are the creation of international security, economic interdependence, the restructuring of the United Nations, and the maintenance of law and justice.

He said that he had to express his disapproval of the book because failing to do so would have implied that he had personally approved of everything in it.

According to him, the commission's proposal merely serves as an appeal and a moral force. "You can implement it, but there will be nothing wrong if you don't do so," he said.

Economics Motive for Renewed U.S.-SRV Ties

BK1307154795 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 13 Jul 95

[From the press review]

[FBIS Translated Text] In its editorial, BISNIS INDONESIA says the normalization of the U.S.-SRV diplomatic relations is motivated by strong economic reasons. Washington believes Hanoi is no longer a communist country under the Soviet Union's control, but is an area which should be developed to strengthen the U.S. position in Asia's economic growth.

BISNIS INDONESIA says President Clinton's decision to normalize diplomatic relations with Vietnam is not without obstacles, especially by ex-servicemen's organizations and those who still want to find the U.S. missing-in-action personnel in Vietnam. This newspaper also says that we must play an active part in political change in the Asia-Pacific region. The best way to anticipate such change is by making our contribution to the changes.

National Autonomy in Naming Envoys Asserted

BK1407093095 Jakarta KOMPAS in Indonesian 14 Jul 95 p 11

[FBIS Translated Excerpt] Jakarta, KOMPAS — Foreign Minister Ali Alatas says the selection, nomination, and appointment of an ambassador is the prerogative of a country. Therefore, it is unusual if a country wants to dictate another on the choice of an ambassador because there is a diplomatic code which has to be adhered.

The minister said this to reporters after he accompanied Sheikh Naveed Qamar, a special envoy of the Pakistani prime minister, to pay a courtesy call on President Suharto at Jakarta's State Palace on Thursday (13 July). He made the remarks in response to a report that Australia does not want an ambassador with military background.

Responding to the report, Alatas said the request is not worth commenting upon. What is important is that the two countries must adhere to existing diplomatic code. "The two countries usually adhere to the existing diplomatic code," said Alatas. However, he added: "A country may accept or reject the nomination of an ambassador, but there is usually a certain code in which the choice of the country which sends the ambassador is honored."

"Therefore, there is no problem that the ambassador must be a civilian or one with military background?" asked reporters. "Never, and I once replied to that question. So don't try to create problems out of nothing," Alatas said. [passage omitted]

Antinuclear Demonstration Held at French Embassy

*BK1407101495 Jakarta MERDEKA in Indonesian
14 Jul 95 p 2*

[Passages in italics published in English]

[FBIS Translated Excerpt] Jakarta, Thu (MERDEKA) — As many as 25 people calling themselves members of the Indonesian Anti-Nuclear Society staged a protest demonstration in front of the French Embassy on MH Thamrin Road, Central Jakarta, on Thursday (13 July)

The protest demonstration, which began at 0700 West Indonesian Time, displayed several anti-nuclear banners, including: *France, where is your conscience?; Nuclear explosion causes destruction to seven generations; Solidarity with Muria [Indonesian nuclear power plant site]; Don't cry for me Mururoa.*

Some of the protesters arrived as early as 0600 in the morning and were waiting for the others to arrive. The morning protest was intended specifically for the French ambassador to Indonesia as he was about to enter his office. The protest did attract the attention of the ambassador, who arrived at 0745. The ambassador's car was then obstructed from entering the embassy compound and he was asked to leave the car to listen to their statement. However, the French ambassador refused to leave his car and decided to return to his residence. On seeing this, the protesters continued to yell their anti-nuclear protests. [passage omitted on background of protest demonstration]

ABRI Chief Receives Yemeni Military Commander

*BK1407094995 Jakarta Radio Republik Indonesia
Network in Indonesian 0600 GMT 14 Jul 95*

[FBIS Translated Text] ABRI [Armed Forces of the Republic of Indonesia] Commander General Feisal Tanjung has welcomed Yemen's desire to learn from Indonesia's military experience by sending its officers to study in Indonesia. A press release issued by ABRI headquarters said Gen. (Ali Muhsin Salih al-Ahmar), commander of the northern region of the Yemen Republic, made the request when he held talks with the ABRI commander in Jakarta. The Yemeni people also expressed their appreciation of President Suharto's remarks, which are important and useful for the unity and integrity of the Yemeni nation. During the talks, the ABRI commander briefed his guest on Indonesia's geographic situation and ABRI's role as security and sociopolitical forces. Cooperation in defense industries was also discussed, but the issue will first be discussed with the state minister for research and technology.

The Yemeni military delegation is on a 10-day visit to Indonesia and is scheduled to meet with Habibie, state minister for research and technology. During their stay, they will also visit the National Military Academy, Navy Industries, and Nusantara Aviation Industries.

Philippines

Economics of U.S.-SRV Normalization Cited

*BK1407111295 Quezon City MALAYA in English
13 Jul 95 p 4*

[Editorial: "Business is U.S.' Business"]

[FBIS Transcribed Text] Twenty years after the end of the Vietnam war, U.S. President Bill Clinton Tuesday normalized relations with Vietnam.

Clinton made no mention of strategic and economic issues when he made the announcement. He chose to stress that full diplomatic relations will help the United States in accounting for American servicemen missing from the war.

But there should be no mistake. Business is America's business. It is no coincidence that the Coalition for U.S.-Vietnam Trade, which is in the forefront of the lobbying for normalization of ties, is composed of 112 of the United States' leading corporations.

Japan is aggressive in investing in Vietnam. The streets of Hanoi and Ho Chi Minh cities are choked with motorcycles. Billboards advertise practically nothing but television and the latest electronic goods. All made in Japan, of course.

The United States cannot concede such a potentially huge market and investment outlet to global competitors for the sentimental reason that it was whipped by Hanoi on the battlefield a generation ago. Clinton has to take the risk of being accused of selling out the 58,000 Americans — civilian and military — who died in Vietnam.

What does all this mean to the Philippines? Vietnam may pose as a competitor in attracting U.S. investments. Its incentives for investors, as has been pointed out, are in parts more attractive than the Philippines. Its labor is also much cheaper and more disciplined. But in the end the socialist character of Vietnam will tell. It is years away from developing a full market economy. In the meantime, the Philippines can proceed with its drive toward newly industrializing country status with the certainty that, unless we blow it, we can leave Vietnam pretty well behind.

On the plus side, the Philippines is a natural bridge for United States and Vietnam business relations. Whatever may be said about the soured relations between Manila and Washington, long-time American companies have been earning money hand-over-fist with minimal supervision from headquarters. The secret is Filipino management.

The Left has long considered the country as the launching pad for past American aggression into the Asian mainland. Let's build on that strength, this time for an activity definitely beneficial to all.

Locals like beer maker San Miguel and auto maker Jose Alvarez have shown the way. Filipino businessmen, on their own or in partnership with Americans, have a lot to gain from a Vietnam — emerging from its socialist cocoon.

Government Limits Tariff Reform Program

*BK1407094595 Manila BUSINESS WORLD
in English 12 Jul 95 p 1*

[Report by Marvin A. Tort]

[FBIS Transcribed Text] The inter-agency committee on Tariff and Related Matters (TRM) has opted to limit to five years the time frame of the government's tariff reform program to allow for changes which may be deemed necessary in the future.

In a memorandum to the board of the National Economic and Development Authority (NEDA), the TRM said while it approved a new tariff structure to be implemented from 1995 to 2004, it opted to shorten this schedule to from 1995 to the year 2000.

This is to "allow for flexibility in future international trade negotiations," the TRM said.

Nonetheless, the proposed executive order detailing the reduction of tariffs on industrial goods will still provide for the adoption of a two-tiered tariff structure by the year 2003 and the implementation of a uniform tariff rate of 5 percent by the year 2004.

TWO-TIER

Under the two-tiered scheme, tariff rates on raw materials and intermediate parts and components not locally manufactured will be dropped to 3 percent while finished products may be freely imported at a tariff rate of 10 percent.

The government had proposed to reduce tariff rates on certain industrial goods in line with its rationalization of the country's current tariff structure into a four-tiered structure with a maximum rate of 30 percent and a minimum rate of 3 percent.

The proposed EO [Executive Order] detailing the new structure revises Chapters 25 to 97 of the Tariff Customs Code which cover imported items such as crude oil and refined petroleum products, petrochemical products, iron and steel, cast copper rods, consumer durables such as electric appliances and motor vehicles.

MORE ROOM

Sources said the effectivity of the proposed EO was limited to up until the year 2000 to give the government more room in negotiating the country's commitments under the General Agreement on Tariffs and Trade (GATT) and the ASEAN Free Trade Area (AFTA) Agreement.

It must be noted the government restructured the country's tariff code in keeping with its obligation under the GATT and AFTA agreements to reduce tariffs to the uniform rate of 5 percent.

They said the country's commitments to the World Trade Organization (WTO) under the GATT is up for renegotiation in 1999 while further commitments under the AFTA will be made beginning this year until 2003.

They also said the limitation of the proposed EO to five years will give the government the opportunity to revise the tariff reform program, if necessary, to align it with the ASEAN's Common Effective Preferential Tariff (CEPT) scheme.

Officials Insist Mactan Airport Safe

*BK1407050395 Manila PHILIPPINE DAILY
INQUIRER in English 11 Jul 95 p 12*

[Report by Connie E. Fernandez-Solon and Elias O.Baquero]

[FBIS Transcribed Text] Cebu City — The Mactan-Cebu International Airport Authority (MCIAA) yesterday protested reports that the US Federal Aviation Authority (FAA) has declared that the Mactan airport has failed to comply with international safety standards.

Benito Diamos, Mactan airport general manager, said his office has not received any report from the American aviation authorities stating that the Mactan airport and the Ninoy Aquino International Airport (NAIA) were unsafe.

Diamos said the Civil Aviation Board has in fact told him that the MCIAA passed the two FAA security inspections.

But a dispatch from the Agence France Press [AFP] yesterday stated the US FAA has chided the Philippines for failing to comply with safety standards in the two airports and threatened sanctions if no improvements are made.

The AFP report said the FAA wrote Philippine Air Transportation Office Chief Panfilo Villaruel earlier this month to complain that the NAIA and the Mactan airport failed to meet global safety standards.

A copy of the FAA report on the country that was shown to reporters said that "civil aviation authorities have not developed and/or implemented adequate civil aviation regulations in accordance with International Civil Aviation Organization (ICAO) standards."

It said that improvements were needed in navigational aids and called for the removal of hazardous buildings and squatters near the airports. It also noted the lack of training among those in charge of aviation safety.

Villaruel said it was a matter of lack of funds, adding that the Philippines needs about P50 million to buy navigational aids and train ATO personnel abroad.

The FAA threatened to impose sanctions that could include the banning of Manila flights to the United States. It also warned that the country's flag-carrier Philippine Airlines cannot expand its present services to the United States.

Maintaining that Cebu has not received the FAA report, Diamos said the American aviation agency inspected the Mactan airport last April and May because of the plan of the US-based Continental Air Micronesia to operate the Cebu-Guam route.

Diamos said the FAA inspected the landside and airside, runway and on all aspects of security, including screening of passengers and check-in of luggage.

He added that the deficiencies noted by the FAA during the first inspection were immediately corrected in time for the second inspection.

"But we already heard from the Civil Aviation Board that we have passed the security inspection. So this report (that Mactan airport is unsafe) came as a surprise," he said.

He added that if indeed Mactan failed to comply with the international standards, Continental Air would have informed them that it would not push through with its direct flight to Cebu.

Another airport official, however, admitted that congestion would be expected at the Mactan airport terminals due to increasing domestic and international passengers.

Ildefonso Lazaro, airport assistant general manager, said that at present, both domestic and international passengers are using the international terminal.

A new domestic terminal, which is part of the P[Philippine pesos] 3.1 billion airport expansion funded by Japan's Overseas Economic Cooperation Fund (OECF), will be opened by December this year.

However, this will be followed by the closure of the international terminal for renovation and installation of centralized air-conditioning system. After the renovation, only operational spaces (for airline companies) will be retained because more space is needed to accommodate passengers.

Lazaro said the airport terminals were designed three years ago, but domestic and international passengers are increasing by at least 70 percent annually.

But the Mactan airport is less congested than that of NAIA, said Eduardo C. Arcilla, the chief of the Mactan immigration office.

Lazaro explained the entrance of the airport is always crowded during departures because of the strict security inspections.

The Mactan airport handles 48 international flights each week coming from Hong Kong, Malaysia, Singapore, Taipei (Taiwan), Osaka (Japan), Narita (Japan), Australia and the Cebu Express, or Cebu-bound flights that pass through the NAIA.

NDF To Resume Negotiations After Ramos' Term

*BK1407083295 Quezon City Radio Filipinas
in English 0230 GMT 14 Jul 95*

[FBIS Transcribed Text] Communist leader Jose Maria Sison said Thursday [13 July] the leftist National Democratic Front or NDF will (?shelve) peace talks with the government and wait for President Ramos to leave office in 1998 before resuming any negotiations. Sison, who lives on exile in the Netherlands and the Front's consultant on the talks, said the government does not appear sincere in the talks to end the 26-year old insurgency.

President Ramos's six-year term ends in 1998 and the Constitution bars him from seeking another term. Meantime, Silvester Bello, a member of the government panel in the NDF-government talks said the discussion should not be held hostage to rebel demands to free guerrilla leader Sotero Llamas who was captured after a gun-battle with police on 17 May. Bello, a former justice secretary said the government felt bad about the refusal of the rebels because of the waste of time and resources involved, after Manila sent the panel to Brussels.

Negotiations between the Philippines and the Communist-led NDF were quickly suspended after opening last month in Brussels when the rebels refused to talk if Llamas was not released. President Ramos said on Wednesday he supported the panel's decision that negotiations resume only if they are held in the Philippines.

Bell Telecom Charges 'Deception' by Cartel

*BK1307154295 Manila MANILA STANDARD
in English 8 Jul 95 p 15*

[FBIS Transcribed Text] Bell Telecommunication Philippines, Inc. (Bell Telecom) yesterday decried the deception being employed by a well-connected telecom cartel saying that it is misleading the public and government authorities to prevent competition and thereby preserve their stranglehold on the telecom industry.

Club 109

This was in reaction to the statements made by the Club 109 cartel members about the "industry's imminent collapse" if Bell Telecom were to be allowed to operate as a second nationwide carrier.

"Are they conveniently forgetting that the lucrative cellular and gateway licenses that they were issued was supposed to cross-subsidize their land line obligations? How can they claim imminent collapse when Bell Telecom, without benefit of a cellular subsidy is willing to compete?"

Edgardo P. Reyes, Bell Telecom chairman and president, reminded the cartel members that the land lines they are required to install "is an obligation under EO [Executive Order] 109 for which they have filed bonds and escrow." This is not something that they can back out of. Reyes asked: "Are they setting the stage where they invoke the entry of Bell Telecom as a reason to renege on their obligations?" It will be recalled that they requested the NTC [National Telecommunications Commission] to include as part of their compliance the lines that have been already installed by companies they bought.

He chided the Club 109 cartel members for resorting to deception, urging them anew to compete instead of trying to block an opportunity for the public to benefit from increased phones and improved service.

"How can the entry of another telephone service provider have a negative effect on the telecom industry when the present companies cannot even meet the government's target number of telephone lines?" Reyes asked.

Public be damned

"This is nothing but a shameless attempt to continue with the old practice of protected industries, completely ignoring the benefits that the public has derived from present free market policies which have brought about tremendous benefits of better products and cheaper service," Reyes said.

"It is also outrageous to listen to National Telecommunications Commissioner Simeon Kintanar coming out publicly that he must protect the interests of the investors." Reyes again reminded Kintanar that his role as a regulator was to protect the consuming public by preventing ruinous competition if there is an excess of supply.

As previously explained, all their numbers put together will not meet the government's goal of 9 million lines by the year 2004. "Even with Bell Telecom's installation of 2.6 million lines, there will be a shortfall of 1 million lines," Reyes warned.

"Thus, Kintanar's invoking his duty to protect the rights of investors is highly misplaced and leads to questions regarding the conflict of interest issue raised against him and his nephew which has remained unanswered."

He warned that if nothing is done to remedy this situation, the Philippines would remain in the backwaters of Asian economic development, thus negating the gains achieved by the Ramos administration in setting the groundwork for Philippines NIC [newly industrialized country]-hood. The country's present teledensity of 1.8

phones per 100 population is one of the lowest in the region and is a major cause of poor economic performance.

Thailand

Panel To Probe U.S. Charges Against Watthana
BK1407035695 Bangkok BANGKOK POST
in English 14 Jul 95 p 6

[FBIS Transcribed Text] The new government is to set up a committee to investigate the US Government's allegations of narcotics trafficking against Chat Thai deputy leader Watthana Atsawahem.

Chat Thai MP for Sa Kaeo, Burin Hiranburana, said the idea to set up the committee is the brainchild of Surakiat Sathianthai, adviser to Banhan Sinlapa-acha.

He said the committee, which will be established after the new government takes office, aims to "clear up" the allegations and bring the matter to a close.

The committee will ask the Foreign Ministry to request the necessary documentary evidence against Watthana from the US State Department.

The committee, whose members will be appointed by the prime minister, will carry out its assignment in the name of the government, not the Chat Thai Party.

Former foreign minister Prasong Sunsiri earlier suggested that a committee be set up to handle the matter, to include representatives of the Prime Minister's Office, the Foreign Affairs Ministry, the Police Department, the Office of the Attorney-General, and the Office of the Narcotics Control Board.

Ministry Hails Normalization of U.S.-SRV Ties
BK1407023895 Bangkok BANGKOK POST
in English 14 Jul 95 p 6

[FBIS Transcribed Text] Thailand welcomes the normalisation of relations between the United States and Vietnam, a move which it has long supported, Foreign Ministry spokesperson Suwit Simasakun said yesterday.

Suwit said Thailand's position has always been clear: It wishes to see opportunities for Vietnam to develop its economy and enjoy friendly relations with the US.

"Normalisation of relations will enable Vietnam to develop many major projects in the future," he said.

US President Bill Clinton closed a bitter chapter of US foreign policy in Southeast Asia on Tuesday by announcing the resumption of full diplomatic relations with its former arch-enemy.

US Secretary of State Warren Christopher will pay a historic visit to Vietnam on August 5-6 as part of a four-nation Asian tour.

The tour starts on July 31 in Brunei, where he will attend the annual meeting between the US and the Association of Southeast Asian Nations.

He goes on to Malaysia and Cambodia.

Suwit commented that normalisation was timely in light of Vietnam's joining ASEAN on July 28.

Outgoing Deputy Foreign Minister Surin Phitsuwan said the normalisation opened a new chapter of unity and cooperation in Southeast Asia.

During their annual meeting, ASEAN foreign ministers hold talks with their seven dialogue partners — Australia, Canada, the European Union Japan, New Zealand, South Korea and the US.

In Brunei, Vietnam can take pride as the seventh member of ASEAN, when the grouping holds talks with the US.

Release of Suu Kyi Viewed With Skepticism

Editorial Views Situation

BK1307131995 Bangkok MATICHON in Thai
13 Jul 95 p 2

[Editorial: "Burma - Suu Kyi - Thailand"]

[FBIS Translated Text] The Burmese military government has abruptly, unconditionally, and unexpectedly released Aung San Suu Kyi, a civilian Burmese leader whose struggle for democracy resulted in her being placed under house arrest for some six years. If any country congratulates and praises the Burmese military government for the release it will be doing it merely as a formality. The release has excited countries that view it with optimism and regard it as an important step toward development of democracy in a country that has long been under military dictatorship.

In any event, it would be naive and ignorant to expect political reform and greater democracy to take place in Burma. On the contrary, the fact that Burmese military rulers allow freedom of movement under the law for Aung San Suu Kyi shows that the Burmese military government has great confidence in its authority, security, and stability to rule Burma unopposed.

A look at Burma domestically and internationally will show that the situation completely favors the Burmese military government. Internally, the government has overwhelming control over the opposition. The Burmese people are satisfied with the economy and sufficient

supply of consumer goods, which are a benefit of foreign capital that is brought into Burma in exchange for Burmese natural resources. This is what stabilizes the Burmese Government and enables it to exist in the international community.

With the external factor in its favor, the Burmese military government can show disdain for Thailand and even aggressiveness by boycotting Thai products. Its aggressiveness toward Thailand is aimed at pressing Thailand to comply with its position on the Karen refugee issue, using trade along the Thai-Burmese border as the leverage. It is unfortunate for Thailand to have a neighbor that is ruled by military dictatorship which uses it as a scapegoat for its comprehensive authority.

Thailand must realize that it cannot force Burma to stop boycotting its products or to continue trading with it. The Thai Embassy in Rangoon and the Foreign Ministry will have to try to solve the problem and to explain to the Thai people the real reason for the Burmese boycott. There is no doubt that the "constructive engagement policy" adopted by ASEAN toward Burma has contributed to consolidation of the Burmese military government's power. Now Burma is repaying this kindness by trying to divide ASEAN countries which are competing for interests in that country.

'Many Problems' To Solve

*BK1407024095 Bangkok BANGKOK POST
in English 14 Jul 95 p 11*

[FBIS Transcribed Text] Thailand yesterday expressed hope that Burmese military leaders, democratic forces and ethnic minorities can start talks to settle problems in the country following the release of dissident leader Aung San Suu Kyi earlier this week.

Foreign Ministry spokesman Suwit Simasakun issued an official statement to welcome Suu Kyi's release after nearly six years under house arrest, but warned there were still many problems to be tackled to bring about peace and prosperity to Burma.

"Her house arrest was a rather new problem for the Burmese Government, compared with other problems which have existed for a long time," he said.

He said many important steps needed to be taken toward full democracy and economic development which would eventually bring about peace and stability in the country.

"Thailand gives high priority to peace and stability in its neighbouring country."

He called on the international community to support dialogue and cooperation among Burmese military lead-

ers, Suu Kyi and ethnic minorities in resolving these problems which have kept Burma one of the poorest countries.

Suu Kyi's release was a positive development, but political dialogue had yet to begin, he said.

"If leaders from all groups in Burma can reach an agreement through peaceful means it will also contribute to peace and stability in the region, as a whole. Thailand, as a neighbour, will benefit from peaceful cohabitation."

Karenni Refugees Cross Border To Flee Fighting

*BK1407045895 Bangkok BANGKOK POST
in English 14 Jul 95 p 11*

[FBIS Transcribed Text] More than 400 Karenni refugees have crossed into Thailand to escape fighting between the Karenni National Progressive Party [KNPP] and Burmese forces.

They entered through Ban Pang Yon border pass in Tambon Mok Champae, Muang District, according to Governor Somchet Wiriadamrong.

He said he had told officials of the provincial Public Health Office to provide medical treatment for refugees to prevent disease from spreading. Non-governmental organisations would be responsible for providing food and other necessities.

About 3,000 members of the KNPP have been sheltering on the Burmese border opposite Ban Pang Yon since fighting between the two sides broke out last month.

Border sources said KNPP ambushes had caused considerable problems for Burmese government soldiers.

They said Thai loggers, who had earlier done business with the KNPP, had turned to negotiate with the 429th Battalion, a Burmese infantry unit with an operational base on the banks of the Pai River opposite Ban Nam Phiang Din border pass in Tambon Pha Pong, Muang District. The loggers want to shift their logs out of the combat zone.

Banhan Accepts Prime Ministership

*BK1307131595 Bangkok Thai Color Television
Channel 9 in Thai 1040 GMT 13 Jul 95*

[Statement by Banhan Sinlapa-acha in Bangkok — live]

[FBIS Translated Text] I am extremely grateful for his majesty the king's kindness in giving his confidence to appoint me to the post of prime minister to administer the country. I will carry out my duties honestly, using all my strength and wisdom, and uphold the interests of the country at large. I will uphold his instructions about

unity to guide the conduct of my duties so that every sector of Thai society will achieve unity and solidarity to attain common strength to tackle the country's problems and lead the country toward progress, prosperity, and stability.

Profile of Banhan

*BK1407081395 Bangkok THAILAND TIMES
in English 14 Jul 95 p A3*

[FBIS Transcribed Text] The 63-year-old veteran politician graduated from the Faculty of Law at Ramkhamhaeng University. He is currently working on a master's degree in law at the same university. Banhan is married to Khunying Chaemsai Sinlapa-acha and has three children, one son and two daughters. One of his daughters, Kanchana, was elected for the first time in the recent election.

Banhan was born July 20, 1932 in Suphan Buri to a wealthy family in the tailoring business. After finishing 10th grade, he worked in the family business.

In the late 1950s, he moved to Bangkok and started his own construction and chemical supply companies. He built up his wealth through his Sahasichai Construction Co before entering politics at the persuasion of his long-time running mate Bun-ua Prasetsuwan.

Banhan's vibrant political career started as a member of the National Legislative Assembly from 1974 to 1978. He was then appointed to a senatorial position and became a member of the Suphan Buri municipal assembly.

Banhan was elected as an MP in Suphan Buri, and became deputy industry minister in 1976. He was subsequently elected MP in his home province three more times in 1983, 1986 and 1988.

In 1980, he became secretary general of the Chat Thai Party and took the post of agriculture minister through 1981.

His ministerial role continued to flourish in 1986 when he became transport and communications minister and two years later, he accepted the position of industry minister and remained in the office for two years. In 1990, he became the interior minister and then the finance minister in 1991.

Banhan was elected MP in his home province for the fifth and sixth times in two general elections in 1992, and he became transport and communications minister that year.

In 1993, he became the leader of the Chat Thai Party, succeeding Gen Chatchai Chunhawan who defected the party to set up a new party, Chat Phatthana. Banhan

was also appointed Opposition leader in the House of Representatives.

When the Chat Thai Party won the most recent general elections and became the core party to form the coalition government, Banhan was made the country's 21th Prime minister.

Navy, Air Force CINC's Discuss Procurement Plans

Navy To Resubmit Submarine Plan

*95SE0139A Bangkok DAILY NEWS in Thai
27 Apr 95 p 3*

[FBIS Translated Text] Admiral Prachet Siridet, the RTN [Royal Thai Navy] Commander in Chief, said of the failed project to procure a submarine that the matter would not be discussed further but that he would propose to the government that one be purchased next year. Concerning the dispute about obligating more funds than the cabinet had specified, one would have to ask the government how to proceed. The RTN had submitted a budget obligation of 7 years because submarine construction would require more than 5 years. In addition we would pay according to the work done. If we adhere to the cabinet's rules that call for payment periods not to exceed 5 years, this will disadvantage the country with regard to ship building companies.

Gen. Watthanachai Wuthisiri, the Supreme Commander, said he was confident that the RTN had the capabilities to defend our interests at sea. As for the project to procure a submarine, he had proceeded according to the RTN proposal but here had been a problem with budget restrictions. So he had asked the RTN to propose the plan again next year. He believes that at that time the government will give it serious consideration. As for the problem of the rising cost of ships, this would have to be considered as something normal for which the government was not responsible.

Air Force Chief on Weapons Budget

*95SE0139B Bangkok BAN MUANG in Thai
16 Apr 95 p 9*

[FBIS Translated Excerpt] [Passage omitted] Air Chief Marshal (MR) [Royal Title] Siriphong Thongyai said of the 1996 budget which he would submit to the Ministry of Defense for consideration that the RTAF [Royal Thai Air Force] had set a budget of over 10 billion baht principally for developing the RTAF according to the various projects and plans which had been prepared. [passage omitted]

The RTAF Commander in Chief also said that the budget committee had cut some but generally had not

cut much because it understood the RTAF budget and knew the budget requests were not extravagant. The RTAF had to consider Thailand's situation and economy to be goals also.

The 5 billion baht procurement budget military equipment for upgrades of old and new equipment is a continuing budget which must be used to pay debts for weapons purchases the RTAF has already made. It is a continuing process from year to year which continues up to the present.

Further on Air Force Plans, Costs

95SE0139C Bangkok DAO SIAM in Thai 18 Apr 95 pp 112

[FBIS Translated Excerpt] [Passage omitted] Air Chief Marshal (MR) [Royal Title] Siriphong Thongyai commented on the needs of the RTAF [Royal Thai Air Force] were procuring high performance aircraft. He voiced the opinion that in his area of responsibility these needs were great so that we would be second to none and to have control of our airspace and to enhance security and protect national interests. He felt that this was necessary and that looking at it from the standpoint of the government, he thought that the government would probably see the need to protect the economy both in relation to international negotiations or over talks about the details of any projects and areas which might involve problems with borders. These might be complicated and therefore difficult. If we did not have sufficient capabilities, opponents could take whatever they wanted and we would have to give in. He felt that this was important. It involved our national interests. Therefore if we had sufficient capabilities to be able to negotiate with them, it would be to our advantage.

With regard to why the RTAF was procuring more aircraft of a different type when it already had two squadrons of high-performance aircraft (F-16's); the RTAF commander in chief said that the F-16's were assigned to defending air space and defending against threats in the air and ground attacks. But to protect our interests at sea according to the resolution of the government, we would need to protect our interests out at least 200 miles and protect sea lanes. An aircraft suitable for this would have to be another type of aircraft with air to sea weapons. The budget for this would be in the 1996 budget under the armed forces budget structure, but at present, he cannot say what type of aircraft.

Air Chief Marshal Amon Neomali, the RTAF chief of staff, said that RTAF policy is that it will need five squadrons of multipurpose fighter aircraft, two squadrons of fighters-interceptors, and three squadrons

of trainers. If we purchase these, we will have to purchase them under the armed forces budget structure, through which the RTAF has received 1.8 trillion baht. In 1996 it might receive 2 [trillion] baht.

With regard to the procuring of new aircraft, we must see how we could keep these purchases in line with our mission, especially the protection of our interests at sea. The F-15E is suitable for this purpose, but the United States will not sell them to us. These aircraft cost between U.S.\$100 million to U.S.\$150 million apiece. The F-15 is twice as big as the F-16. The F-15F has more advanced technology than what we will get.

Malaysia now has both F-18's and F-5E's. It is an ASEAN country as we are. It has much greater military capabilities than we do. Whether they have the MiG-29 or not, it is said to be a good aircraft. The SU-27 has greater capabilities. But RTAF aircraft procurement requires careful consideration, and we are in the process of talking about the details. Various companies have come to describe the capabilities of their aircraft to the committee, which will reach a conclusion soon.

Navy Persist With Submarine Purchase Plan

BK1407083695 Bangkok BANGKOK POST in English 14 Jul 95 p 6

[FBIS Transcribed Text] Royal Thai Navy Commander-in-Chief Prachet Siridet said yesterday that the Navy will persist with its plan to purchase two medium-sized diesel-powered attack-class submarines.

The Navy had originally asked the Government to approve a seven-year expenditure plan to procure two submarines at an estimated cost of 2,500-3,000 million baht annually or a total of about 17 billion baht. The proposal was rejected by the Budget Bureau, however, on the grounds that it did not conform with a regulation requiring that any such plan should not exceed five years.

Vietnam

Reaction to U.S. Decision on Normalization

Army Paper: 'Very Timely'

BK1407043295 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 13 Jul 95

[Commentary from 13 July QUAN DOI NHAN DAN: "A New Stage in Vietnam-U.S. Relations"]

[FBIS Translated Text] President Bill Clinton's decision on normalizing full diplomatic relations with Vietnam is very timely because it meets the aspirations of political circles and the people of the United States.

The normalization of Vietnam-U.S. relations also meets the interest of the Vietnamese and U.S. peoples. It is in conformity with the general trend of the era and helps promote peace, security, and cooperation in the Asia-Pacific region and the rest of the world.

The Vietnamese people and Armed Forces welcome this important and correct decision by U.S. President Bill Clinton. We contend that the decision creates conditions for both sides to begin a new stage in Vietnam-U.S. relations. The new bilateral relations should be built on the basis of respecting each other's independence and sovereignty, not interfering in the other's internal affairs, and equality and mutual benefit. Vietnam-U.S. relations from now on should be strengthened in accordance with the principles of current international relations as solemnly stipulated in the UN Charter.

The normalization of Vietnam-U.S. relations, the event of Vietnam joining ASEAN, and Vietnam's efforts to increase cooperation with the European Union and to expand friendly and cooperative ties with other countries — all of these have enhanced Vietnam's role and prestige in the international arena, thereby creating a favorable international environment for Vietnam to effectively build and protect the nation.

With new progress in Vietnam-U.S. relations, Vietnam now enjoys full relations of friendship and cooperation with all countries in the world while restoring normal ties with the five superpowers, which are permanent members of the UN Security Council. This has testified to Vietnam's significant role and prestige in the international arena. It has greatly contributed to enhancing our position and strength to enable us to participate more profoundly in activities in the region and the world in the interest of peace, stability, and development.

Vietnam-U.S. relations were depressing for quite a long time with various acute ordeals. The war is over now, but its consequences are still very heavy. The fact that the decision on full diplomatic relations between the two countries was made 20 years after the war indicates that the process of normalizing relations overcame the impact of complicated issues. With the spirit of closing the past and looking toward the future, during the past several years though Vietnam-U.S. relations were not normalized, we positively cooperated with and helped the U.S. side to resolve the Americans missing in action [MIA's] issue in a humanitarian manner. The U.S. Government, on many occasions, welcomed and highly appraised the goodwill and effective cooperation of Vietnam in the MIA issue.

After the normalization of Vietnam-U.S. relations, we earnestly hope that the U.S. side will adopt an attitude of goodwill, together with Vietnam, to expand bilateral

cooperative relations in various areas of mutual interest, especially in the economic, trade, and scientific-technological domains while continuing the efforts to resolve the humanitarian issues left behind by the war in both countries.

The correct and unswerving foreign policy of our party and state is aimed at strengthening the relations of friendship and cooperation with all countries in the world for peace, national independence, progress, and development. Realities in our nation's revolutionary struggle have testified to the fact that when new opportunities come we also face new ordeals. While expanding the relations of friendship and cooperation with nations in the world, we should consistently uphold our independent and sovereign banner to mobilize our entire people and the Armed Forces to continue their great efforts to record many new achievements in the renovation undertaking to build a new, beautiful, and happy life while firmly defending our beloved socialist Vietnamese fatherland.

Radio: Ready for 'New Stage'

*BK1307132695 Hanoi Voice of Vietnam in English
1000 GMT 13 Jul 95*

[Station commentary]

[FBIS Transcribed Text] President Bill Clinton's announcement on the normalization of relations with Vietnam has been warmly welcomed in the United States and other parts of the world. Most American officials acclaimed the decision as one of the most important policy decisions in the current term of President Bill Clinton. Our radio editor comments:

It is an important decision meeting the aspirations of the American people and responding to the current trend of development of the international situation, contributing to peace, stability, and development in the world. Vietnam now has diplomatic relations with 155 countries. So, for the first time since the end of World War II, Vietnam has full diplomatic relations with all superpowers. With Vietnam's joining the ASEAN on July 28th and the signing of a framework agreement on economic and trade cooperation with the European Union in the next few days, it shows the effectiveness of the open-door policy of Vietnam to diversify its relations and to befriend all nations. The policy is bringing about encouraging results in all aspects of political, economic, cultural, and social life in Vietnam. Today, the image of Vietnam integrating in the regional and the world communities is attracting many countries who wish to cooperate with Vietnam for mutual benefit. This is one of the factors promoting Vietnam-U.S. relations. Vietnam welcomes President Bill Clinton's

decision on normalization of relations and is ready to, together with the United States, enter a new stage in bilateral relationship. As stated by Prime Minister Vo Van Kiet, the Vietnamese Government stands ready to work with the United States administration for a new framework for the relationship between the two countries. This on the basis of equality, mutual respect for each other's independence and sovereignty, mutual benefit, noninterference in each other's internal affairs, and in conformity the universally recognized principles of international law.

Only based on these principles can Vietnamese-U.S. relations develop, meeting the aspirations of both peoples to expand relations. This is, first of all, economic, trade, scientific, and technical cooperation. Going against these principles means running counter to the legitimate interests of the peoples of Vietnam and the United States and the current development of international relations.

The Vietnamese people have suffered great losses and disadvantages. Even today, many Vietnamese families still have not received any information or found the remains of their dear ones missing in the war. Vietnam, therefore, fully understands the suffering of the American families with relatives lost in the war. For this very reason, the Vietnamese Government has and will continue to positively cooperate with the United States in the settlement of this humanitarian issue.

Deputy Foreign Minister Le Mai affirmed at a press conference in Hanoi Wednesday the Vietnamese Government's commitment and pointed out: It was a serious decision not only stemming from political reasons but also from the heart of the humanitarian traditions of the Vietnamese and the Vietnamese nation.

Also on this occasion, Vietnam expressed sincere thanks to individuals and organizations in the United States and other countries in the world for their goodwill which contributed to the process of normalization of relations between Vietnam and the United States. Vietnam holds that with President Bill Clinton's decision, a new page has been turned in Vietnam-U.S. relations for peace, stability, cooperation, and development in Asia and the world.

U.S. Pilots Killed by Local Guerrillas in War

95P30112A

[FBIS Editorial Report] The 5 May Hanoi QUAN DOI NHAN DAN reported on page 2 that the guerrillas of Phu Binh Tay Hamlet were the first to "declare war" on U.S. OH-6 and HU-1B helicopters. Truong Hong Thanh, CPV secretary of Dai Thang Village, who

headed the village's guerrilla unit during the war years, related the following incident:

Vo Cam, one of the guerrillas, made a mine out of explosives extracted from dud bombs and put it inside a man-shaped dummy which he tied to the top of a tree. When a helicopter spotted the dummy and closed in to capture the "man", it was brought down by the exploding mine.

Le Hong Nguyen of Phu Binh Tay Hamlet modified an 81mm mortar round into a mine, put it up on a roof, and wired the detonator to a piece of cardboard. When a HU-1B hovered to inspect this setup, the tail rotor's prop wash blew the cardboard away, pulling the wire attached to the detonator. The explosion blew up the helicopter and its two U.S. pilots.

Dai Thang Village's method of combatting helicopters with homemade ordnance was reportedly copied throughout Dai Loc District and the rest of the province [Quang Nam-Da Nang] to combat the U.S. helicopters.

Border Issues Talks With PRC Held in Beijing

BK1307160295 Hanoi VNA in English
1538 GMT 13 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 13 — The third round of talks on the Vietnam-China land border and water territories was held in Beijing from July 11-13.

The Vietnamese delegation to the talks was headed by Vice Foreign Minister Vu Khoan and the Chinese delegation by Deputy Foreign Minister Tang Jiaxuan.

The two sides reviewed the talks on land border issues and demarcation of the Bac Bo (Tonkin) Gulf held earlier between Chinese and Vietnamese experts, acknowledged the results achieved and discussed steps to speed up the negotiation process.

Under the agreement reached by the two countries' leaders, a joint working group on sea border was formally set up and its working mechanism of operation was discussed. The two sides signed minutes of the talks.

The Vietnamese and Chinese diplomats also exchanged views on international and regional issues of common interest and steps to promote the bilateral friendship and cooperation.

Mr Vu Khoan and the Vietnamese party were received today by Li Lanqing, Politbureau member of the Communist Party of China Central Committee and deputy premier of the Chinese State Council. Mr Li Lanqing

stressed on the importance of the Sino-Vietnamese relations which have seen the speedy development in economic and commercial areas. He said he hoped the two countries' joint commission on economic and commercial cooperation would develop measures to further promote cooperative links commensurate with their potential.

The talks took place in an atmosphere of friendship and frankness.

Leaders Receive Singapore Military Delegation

BK1407084795 Hanoi VNA in English
0534 GMT 14 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 13 — The visiting Singaporean military delegation led by Brigadier General Han Eng Juan was received here today on separate occasions by Deputy Prime Minister Phan Van Khai and Defence Minister General Doan Khue.

Deputy Prime Minister Khai said he hoped that the delegation's visit to Vietnam this time would help further develop the friendship and multi-sided cooperation between the peoples and armies of Vietnam and Singapore, contributing to peace, stability and prosperity of each country and the region as a whole.

Brigadier General Han Eng Juan expressed his wish for promotion of the solidarity between the two nations, and more successes in national construction and defence of the Vietnamese people and Army.

Defence Minister General Doan Khue described the delegation's visit as a new step of development of the mutual understanding and cooperation between the armies of the two nations.

While in Vietnam, the Singaporean offices paid a floral tribute to President Ho Chi Minh at his mausoleum and toured some military economic establishments in Hanoi and Ho Chi Minh City.

Energy Service Borrows Foreign Capital

BK1407100795 Hanoi VNA in English
0658 GMT 14 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 14 — The energy service has to date borrowed a considerable amount of money from foreign capital resources for the upgrading and building of electric systems and coal-exploiting projects.

The sum includes [U.S. dollars] USD 245 million from the World Bank and the Asian Development Bank to upgrade power grids in Hanoi, Haiphong, Nam Dinh, Hue, Nha Trang, Ho Chi Minh City, and other localities.

In addition, it also has attracted loans including 100 million Swedish kroner from the Swedish International Development Authority (SIDA), USD 21 million from the Finnish Government, and FRF 25 million from the French Government for the restoration of the Thu Dur Thermo-Electric Power Plant, the improvement of some urban power grids, and the building of 110 kv and 220 kv power lines.

Moreover, the service received non-refundable aid worth USD 2.76 million from some foreign governmental organizations and firms, which will be spent on resettlement programmes for people dislocated by the construction of hydro-electric power plants.

Military Party Organization Admits New Members

BK1407100995 Hanoi Voice of Vietnam Network
in Vietnamese 2330 GMT 13 Jul 95

[FBIS Translated Text] So far, components of the air defense party organization have made progress in terms of both public awareness and sense of responsibility toward party-building work. As a result, in the first six months of 1995, the Air Defense party organization has admitted 409 new party members. This marks an increase of 109 percent compared with the same period last year. The percentage of new party members who were cadets, military specialists, and manual and office workers of national defense enterprises has increased compared with the same period last year. Units that increased the size of their new party membership included the Air Defense School; the Air Defense Academy; Divisional Groups B-67, B-63, B-61, and B-78; the Technical Department; and the H-6 Signal Group.

Ten-Year Sentence in Security Case in Ha Tinh

95P30114A

[FBIS Editorial Report] The 21 May Hanoi LAO DONG on page 2 reported that on 16 and 17 May, the Ha Tinh Province People's Court tried nine defendants on charges of "disrupting security" and "resisting officers in the performance of their duty." From 1991 to 20 November 1994, Kieu Quyet Thang and eight other defendants, Dinh The Khoai, Kieu Dinh Quy, Nguyen Viet Khanh, Kieu Dinh Hoa, Nguyen Duc Thuan, Kieu Viet Trinh, Dinh The Thuong, and Kieu Dinh Ly were said to have used "fighting corruption" as a pretext for "paralyzing the activities of Trung Luong Village's administration and local mass organization," and for "sowing dissension in the vicinity." Higher-echelon cadres were reportedly surrounded, mobbed, and met with "fierce resistance" when they went to visit the area. Thang was sentenced to 10 years in prison, two

of the other defendants were given suspended sentences and six others received sentences of three to five years each.

Radio Highlights 1996-2000 Socioeconomic Plan

*BK1407133495 Hanoi Voice of Vietnam in English
1000 GMT 14 Jul 95*

[FBIS Transcribed Text] Key cadres from throughout Vietnam recently met in Hanoi to contribute to the 1996-year 2000 socioeconomic plan prepared by the State Planning Committee. They agreed at this special meeting that Vietnam's economy has made much progress in [words indistinct] prices. Vietnam's economy, they agreed, has gradually switched to a correct economic structure, hoping to stabilize and improve people's living conditions alongside with the development of a legal system and the expansion of diplomatic relations. However, the meeting pointed out to existing problems, including the unbalanced and limited budget, low budget

for construction of infrastructure, and unstable control of inflation.

Addressing the meeting, Minister and Chairman of the State Planning Committee Do Quoc Sam said that it was necessary to renovate planning work and affirm its role in the nation's multisector economy and an orientation toward the market economy with socialist characteristics. The national plan, he said, should be embraced by the economy and society, all sectors, and elements, and mid-term and long-term plans should be at its core.

The meeting set mid-September this year for all branches and localities to complete their plans and submit them to the State Planning Committee. That will enable the state plan for socioeconomic development from 1996 to the year 2000 to be sent for the National Assembly approval by the end of this year.

Australia

France Defends Nuclear Test Decision

BK1407080995 Hong Kong AFP in English
0757 GMT 14 Jul 95

[FBIS Transcribed Text] SYDNEY, July 14 (AFP) — The Australian government said Friday it had sought an explanation of remarks by French President Jacques Chirac indicating that a new nuclear warhead would be tested in the South Pacific.

Chirac's decision last month to resume underground nuclear tests in French Polynesia from September unleashed fierce protests in the Pacific. Chirac, in making the announcement, said the tests were needed to ensure "the safety, the reliability and the security" of the French nuclear arsenal — remarks that were widely interpreted as meaning no new weapons would be tested.

On Wednesday, however, Chirac told French senators: "We want to try our new nuclear warhead, then carry out two tests on the safety, the security and the effectiveness of our detonators and the effect of ageing on them."

Chirac's comment prompted Australia to ask for an explanation and reassurance that no new weapons would be used in the test series, said a spokeswoman for Foreign Minister Gareth Evans.

"We have received categorical assurance that they're not developing a new weapon," she said. "They have given us an assurance that the tests are not designed to modernise France's arsenal."

The environmental group Greenpeace said the government should step up its protests following Chirac's statement.

"Australia has clearly been deceived and needs to urgently strengthen its response given that the real purpose of these tests is now known to be the development of new nuclear weapons," Greenpeace campaigner Ben Pearson said in a written statement.

"The development of a new nuclear weapon by the French risks starting a new arms race and also undermines international talks on a comprehensive test ban treaty."

A comprehensive nuclear test ban treaty is scheduled for late 1996.

The Australian government has temporarily recalled its French ambassador and has downgraded defence ties with France as part of its protest against the planned tests.

Evans' spokeswoman said that when he led a South Pacific delegation to Paris on June 19, Foreign Minister

Herve de Charette had assured members that no new-generation weapons technology would be tested.

"There were two specific reasons given, one was to ensure reliability of existing stock and the second was to develop computer simulation technology," she said.

French Commander Warns About Protests

LD1407102195 Melbourne Radio Australia
in English 0700 GMT 14 Jul 95

[FBIS Transcribed Text] The French military commander on Mururoa Atoll has warned that a swelling protest campaign will not be allowed to stop France's plan to resume nuclear testing at Mururoa Atoll. Vice Admiral Philippe Euverte said France was determined to carry out eight tests which are due to start in September. Meanwhile the French ambassador to Australia has compared the outrage at nuclear testing to the reaction which might be expected if France had declared war. Ambassador (Dominique Girard) told a Bastille Day news conference in Canberra that France was being treated as if it was the only country in the world to test or develop nuclear armaments. The ambassador also denied reports that the tests are designed to develop a new nuclear warhead.

[Begin (Girard) recording] When did this weapon deserve to be called new? That's my point. I think it's not new now. It was new at a point, it was probably new before the end of the ... [pauses] before the moratorium in '92. [end recording]

Consumer Backlash Against French Tests Mounts

BK1407084195 Hong Kong AFP in English
0547 GMT 14 Jul 95

[Report by David Willims]

[FBIS Transcribed Text] SYDNEY, July 14 (AFP) — A consumer backlash against planned French nuclear tests escalated Friday, adding to the woes of French firms in Australia who already risk losing bids for billions of dollars worth of state contracts.

Consumer Power, an environmental group formed to put French products in the firing line, said it had received about 100 calls within hours of opening a boycott telephone line.

"We have been inundated since this morning, people have been asking for our list of French products and companies, saying they want to donate money," said group spokeswoman Kyrsten Perry.

French President Jacques Chirac's June 14 announcement that France would conduct eight nuclear tests in

French Polynesia from September has already unleashed fierce opposition to French goods.

Australia imported 1.638 billion Australian dollars (1.2 billion US) worth of French goods in the year to June 1994, including chemicals, medicines, wine, cosmetics, cars and electrical equipment.

A spokesman for the Department of Foreign Affairs and Trade, which estimates there are 180 subsidiaries of French companies in Australia, said French investment in Australia totalled 3.3 billion dollars at June 30 last year.

Robert Hirst, general manager of wine importer Tucker Seabrook, said retailers were complaining of a dramatic slump in demand for wines and champagnes such as Bollinger.

"In the restaurants, people are asking for anything that does not come from France," Hirst said.

"In some instances demand has gone to nothing, which is going to obviously have a devastating effect on people who do not deal in Australian products at all," he said.

Most French restaurants in Sydney have put up signs indicating their solidarity with the protest movement in an attempt to retain customers.

The Consumer Power blacklist of dozens of French products and companies included champagnes, cognacs, wines, bottled water and firms including Credit Lyonnais, Pechiney Pacific, and car maker Peugeot.

Peugeot chose Bastille Day, the focus of massive protests against the nuclear tests, to launch its new Peugeot 406.

An article in the Sydney Morning Herald said imports of Peugeots had plummeted from 320 in May to 260 in June, although importers would not comment to media.

A Renault dealer was quoted as saying sales inquiries had "stopped dead."

"I can't believe the impact it has had on customers who had already ordered cars," said John Dunn, Renault sales manager at Central Motors in western Sydney.

Aside from merchandise trade, French firms are bidding for billions of dollars in various state contracts that could be at risk.

Trade Minister Bob McMullan has said the French nuclear tests would be taken into "serious consideration" when deciding on defence procurement contracts.

Such action would affect French aircraft manufacturer Dassault, one of five bidders for a 500 million dollar

contract to replace Australia's Macchi fighter training jets.

The New South Wales state government has announced it will reconsider French bids for infrastructure projects in the [figures indistinct] billion dollar Sydney 2000 Olympic building program.

In Victoria, however, Premier Jeff Kennett has ruled out a ban on French power utility Electricite de France bidding for the state's power-generation companies.

The French company is among those bidding for Victoria's United Energy, the first of the State Electricity Commission's estimated 10 billion dollars worth of power utilities to go on the block.

Government Condemns Upsurge of Violence in Bosnia

*LD1407103495 Melbourne Radio Australia
in English 0700 GMT 14 Jul 95*

[FBIS Transcribed Text] The Australian Government has strongly condemned the upsurge of violence in Bosnia. Acting Foreign Minister Bob McMullan says Australia deplores that once again innocent civilians are suffering.

Senator McMullan says there can be no military solution in the former Yugoslavia and that it's time for all sides to resume negotiations with a genuine commitment to end the conflict. Although Australia is not directly involved in United Nations peace efforts, Senator McMullan says Australia will lend any support to appropriate initiatives in the United Nations.

Papua New Guinea

Radio Accuses Military of New Offensive

*LD1307123995 Melbourne Radio Australia
in English 0700 GMT 13 Jul 95*

[FBIS Transcribed Text] Radio Free Bougainville has accused the Papua New Guinea [PNG] military of launching a new offensive against the Bougainville Revolutionary Army [BRA]. It says the offensive took place at (?Sipi) village in the hills of the (?Nagovisi) district in the southwest of Bougainville Island. The radio claims one PNG soldier was killed while two members of the BRA were wounded in the offensive. The report says the PNG soldiers were airlifted to the area by an Australian-supplied Iroquois helicopter gunship. The BRA says this is the second attempt by the PNG military to break its hold on the region.

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